DOCUMENT RESUME

ED 461 539 SO 027 973

AUTHOR	Hoeplin-Phalon, Nancy, Ed.
TITLE	Great Decisions. 1997 Edition.
INSTITUTION	Foreign Policy Association, New York, N.Y.
ISBN	ISBN-0-87124-173-0
ISSN	ISSN-0072-727X
PUB DATE	1997-00-00
NOTE	101p.; "Northeast Asia: Strategic Crossroads" underwritten by Freeman Foundation.
AVAILABLE FROM	Foreign Policy Association, Inc., 470 Park Avenue South, New York, NY 10016 ($12). Tel: 212-481-8100; Tel: 800-628-5754 (Toll Free).
PUB TYPE	Guides - Classroom - Learner (051)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Developed Nations; Developing Nations; *Diplomatic History; Foreign Countries; *Foreign Policy; *Global Education; *International Cooperation; *International Relations; International Trade; Multicultural Education; National Security; Political Science; Secondary Education; Social Studies; *World Affairs
IDENTIFIERS	Asia; Europe; Russia

ABSTRACT

This annual briefing book focuses on eight topics related to U.S. foreign policy. The essays provide an overview of the geographic area or subject of concern. The volume's introduction features a discussion of how U.S. foreign policy is made. The eight essays include: (1) "Today's Media: What Voice in Foreign Policy" (Raymond Carroll); (2) "Northeast Asia: Strategic Crossroads" (James Shinn); (3) "Russia and the U.S.: Growing Cooperation?" (Ted Hopf); (4) "Terrorism and Crime: A More Dangerous World" (David C. Morrison); (5) "European Integration: What Future for Europe and the U.S.?" (Andrew Moravcsik); (6) "Environmental Threats to Stability: The Role of Population Growth" (Gail Robinson; William Sweet); (7) "Middle East: Peace and the Changing Order" (F. Gregory Gause III); and (8) "Globalization: Workplace Winners and Losers" (Bruce Stokes). Each essay is accompanied by discussion questions, suggested readings, resource organizations, and an opinion ballot that can be returned to the Foreign Policy Association for tabulation. (EH)

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1997 Edition

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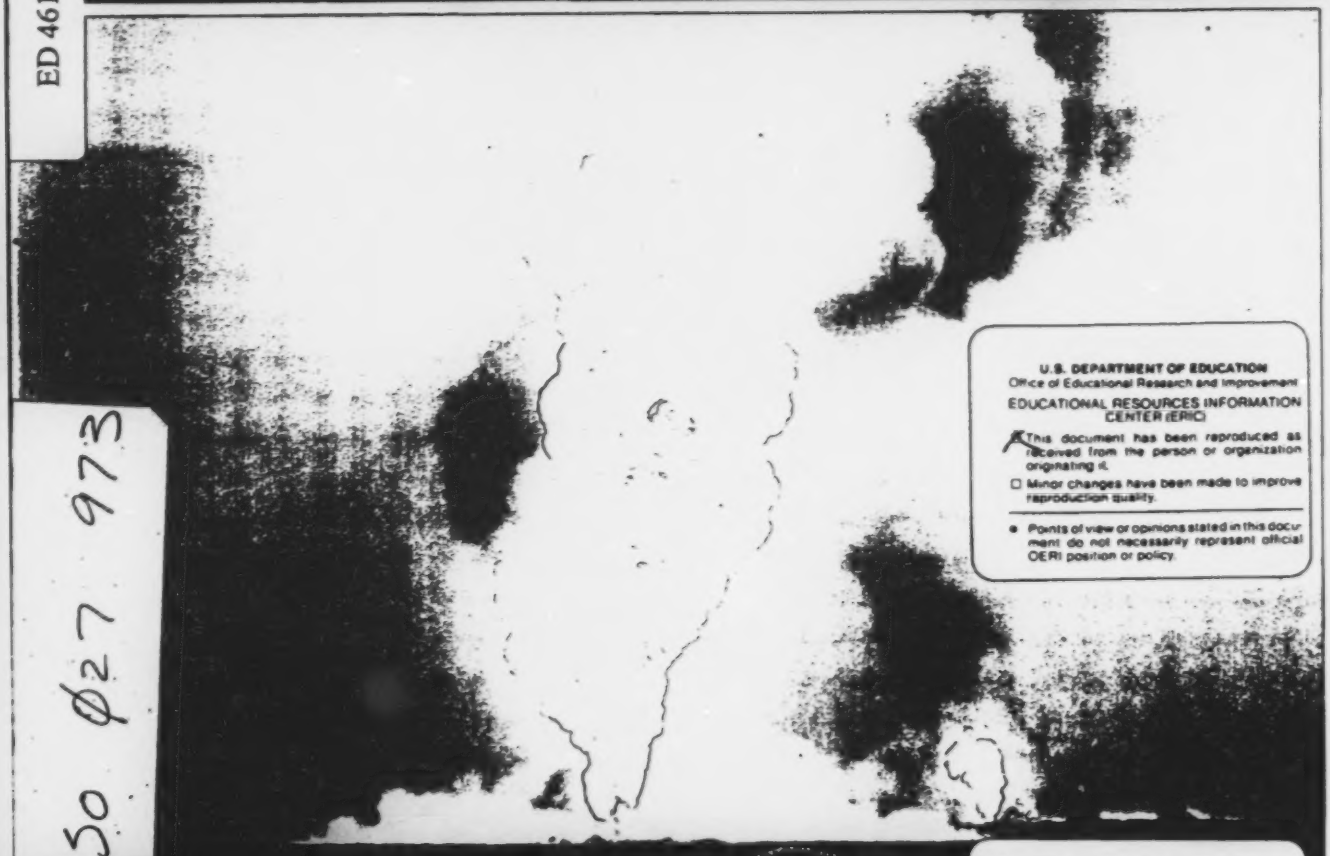

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Middle East

Workplace winners and losers

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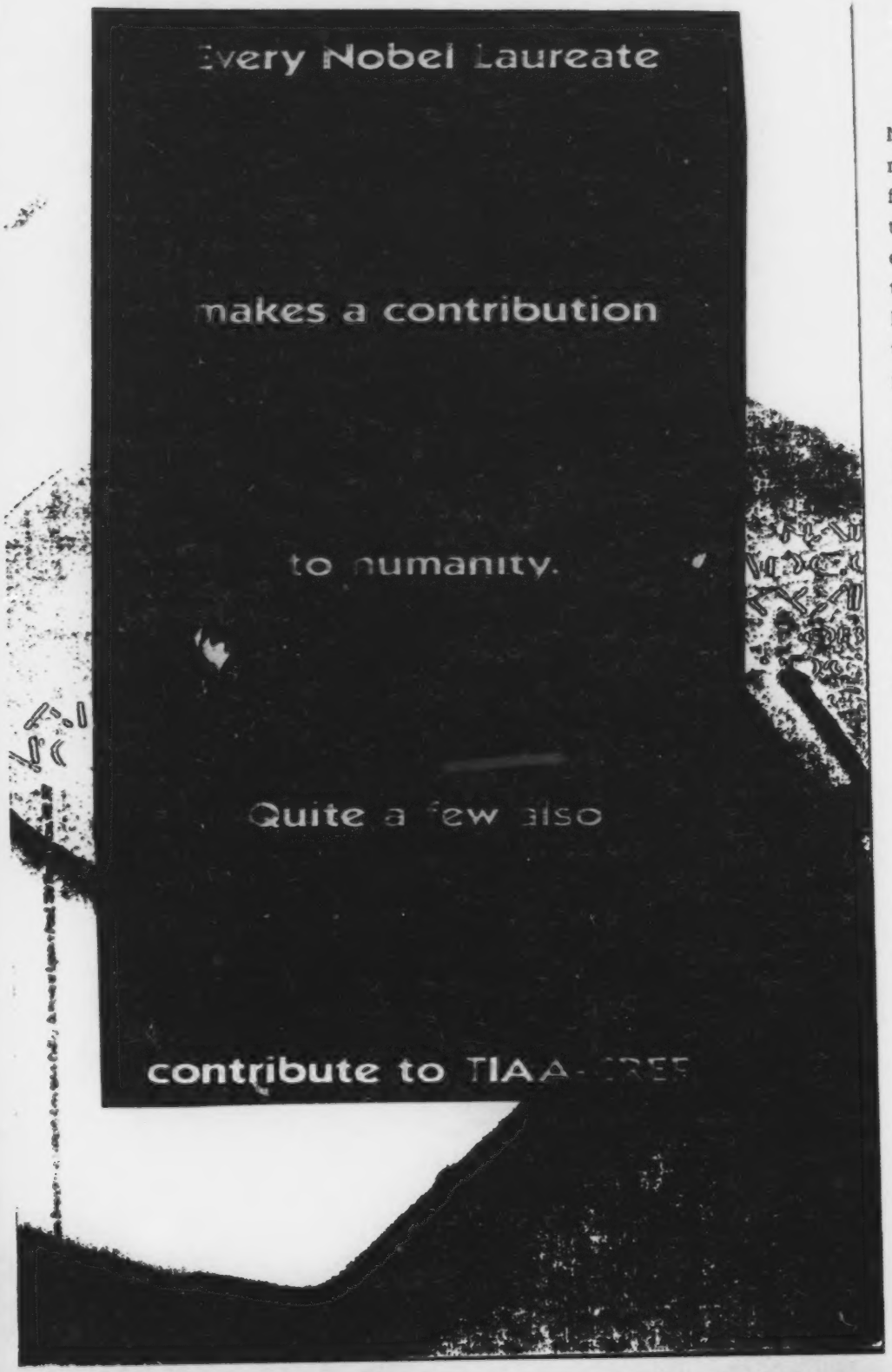

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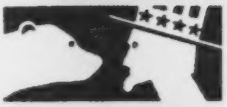
CONTENTS



Introduction:
How U.S. Foreign Policy Is Made 3

1. Today's Media:
What Voice in Foreign Policy? *by Raymond Carroll* 7

*2. Northeast Asia:
Strategic Crossroads *by James Shinn* 17

3. Russia and the U.S.:
Growing Cooperation? *by Ted Hopf* 27

4. Terrorism and Crime:
A More Dangerous World *by David C. Morrison* 37

5. European Integration:
What Future for Europe and the U.S.?
by Andrew Moravcsik 47

6. Environmental Threats to Stability:
The Role of Population Growth
by Gail Robinson and William Sweet 57

7. Middle East:
Peace and the Changing Order *by F. Gregory Gause III* 67

8. Globalization:
Workplace Winners and Losers *by Bruce Stokes* 77

Opinion Ballots
..... 87–90

- ☐ **How to get more out of GREAT DECISIONS** 91
- ☐ **Index to GREAT DECISIONS topics (1985–96)** 92

*Preparation of this topic was underwritten by a generous grant from The Freeman Foundation.

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Printed by Dartmouth Printing Company
Hanover, New Hampshire
Cover design: Ed Bohon

Cover photo: AP/Wide World Photos
Oil-well fire in Kuwait set by the Iraqis during the Persian Gulf war.

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FOREWORD

A Century of Change

THE 20TH CENTURY—widely conceded to be the "American century"—has witnessed the most profound changes of any century in human history. The United States, as the sole superpower, has a special responsibility to seize the opportunities presented by this time of change.

The globalization of the economy, in particular, raises many questions. In a world where labor and capital are increasingly mobile, what is the role of the nation-state? This challenge is captured by former Secretary of State George Shultz:

> *A few months ago I saw a snapshot of a shipping label for some integrated circuits produced by an American firm. It said, "Made in one or more of the following countries: Korea, Hong Kong, Malaysia, Singapore, Taiwan, Mauritius, Thailand, Indonesia, Mexico, Philippines. The exact country of origin is unknown.*

That label says a lot about the new and distinctly different global economy that is upon us. Its emergence will have far-reaching consequences for American foreign policy and will transform the nature of relationships between nation-states, affecting the lives of billions of people around the world.

The actual shape of the international economic system is not inevitable, nor is the degree to which it will reflect American values, objectives or interests. At the risk of stating the obvious, events in a rapidly changing world do not wait until we are ready to address them. Lamentably, relations with the rest of the world were all but ignored in the 1996 presidential election. Unless we prepare for the future, the beginning of the new millennium could be forfeited to anarchic forces—political as well as economic—as Russia and China experience delicate transitions of leadership.

Preparing for and coping with global change requires an appropriately funded capacity to engage in foreign policy. As Secretary of State Warren Christopher remarked to the cadets at West Point on October 25, 1996: "Simply put, we cannot sustain our diplomacy on the cheap—unless we want to shortchange the American people. But unhappily that is just what is happening. Since 1984 our international affairs spending has fallen by 51 percent in real terms. *Fifty-one percent.*"

Budget cuts have slashed foreign aid programs, hobbled State Department operations, and resulted in embassy closures. Reductions in the U.S. contribution to the United Nations, the North Atlantic Treaty Organization and other international organizations imperil America's capacity to conduct a coherent foreign policy and seriously compromise diplomatic preparedness.

In the days ahead, the Clinton Administration will face a range of "intermestic" issues. These include unprecedented competition for energy resources, global environmental degradation, the growing disparity in wealth between rich and poor nations, large-scale human migration and transnational health problems. The Administration will need all the diplomatic resources it can muster to address these challenges.

Noel V. Lateef

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U.S. Foreign Policy and the American Political System

AMERICA's foreign policy is the expression of its goals in the world and of how it proposes to achieve them. It is a reflection of the nation's interests, the most basic of which are sovereignty and independence. But there are many more: economic security, protection of human rights, environmental security.

Foreign policy is also an expression of how a nation relates to other countries. The world has become too interdependent for any country, least of all the U.S., to isolate itself. Almost every facet of life in America is affected by decisions made in other parts of the world.

Compared to every other liberal democracy, the U.S. makes its foreign policy in a cumbersome way. The framers of the Constitution, wary of impulsive decisions that could embroil the country in war, built into that great document a number of checks and balances. These safeguards frequently pit Congress against the executive branch, make it difficult to develop and implement a cohesive foreign policy, create uncertainty as to what that policy is, and give foreign governments and special interests an opportunity to apply pressure at many points, not just one.

The complexity of foreign policymaking has greatly increased with the blurring of the distinction between foreign and domestic issues. Economics—and especially trade—is one of the areas in which foreign and domestic concerns invariably intersect. U.S. tax policy is domestic, but it affects American manufacturers' cost of doing business and the competitiveness of their products.

Finally, developments that the framers of the Constitution could not have foreseen have added to the complexity of policymaking. These include the growth in the outreach and influence of the media, political organizations and interest groups.

Congress and the President

THE U.S. Constitution divides power between the three branches of government: the legislative, the executive and the judiciary. It also gives each branch some check on the other. The President can veto legislation; Congress can override the President's veto; the courts can declare a law of Congress or an act of the President unconstitutional—although they have been reluctant to act on the issues of "high policy" that have traditionally been the realm of foreign affairs.

The Founding Fathers, conditioned by their colonial experience, were suspicious of executive power, which they equated with the oppressive British monarchy and colonial governors. They regarded Congress as the most "democratic" of the three branches. The Constitution gives Congress the power to tax, "provide for the common defense," "regulate commerce," "define and punish piracies...and offenses against the law of nations," "declare war," "raise and support armies" and "provide and maintain a navy."

Congress's power to tax and control government spending—the "power of the purse"—is possibly its most important prerogative. Although the President usually cannot spend money not appropriated by Congress, he has always been granted some latitude in emergencies. President Bill Clinton, during the Mexican peso crisis of 1994–95, circumvented Congress, which opposed a bailout for Mexico, by making a loan from funds at his disposal.

The Constitution assigns the Senate a distinctive role in the foreign policy process—to advise the President in negotiating agreements, to consent to them once they have been signed and to approve presidential appointments, including the secretary of state, other high officials of the State Department, ambassadors and career foreign service officers. The Senate does not have to consent to or reject a treaty. The Senate can approve a treaty and in the process amend it or attach reservations. These must be approved by the other country or countries signing the treaty before it enters into force.

Since the Vietnam War (1963–73), Congress has become more assertive in foreign affairs. This is partly a result of the breakdown of the postwar bipartisan consensus in foreign policy (the principle that politics stops at the water's edge); partly in reaction to what Congress saw as the executive's abuse of power; and partly due to the fact that money has become more important in carrying out foreign policy—and Congress controls the money. (See box.)

Under the Constitution, the President serves as **head of state** and **head of government.** As head of state, the President is, in effect, the personification of the U.S.: its visible image, its official voice and its primary

representative to the outside world. As head of government, he formulates foreign policy, supervises its implementation and attempts to obtain the resources to support it. He also organizes and directs the departments and agencies that play a part in the foreign policy process. Along with the Vice President, he is the only government official elected nationally. This places him in a unique position to identify, express and pursue the "national interests" of the U.S.

The President's specific foreign policy powers under the Constitution are few and restricted. He serves as Commander in Chief of the Army and Navy; nominates and appoints ambassadors and other public ministers, subject to the advice and consent of the Senate; and makes treaties, by and with the advice of the Senate, provided two thirds of the senators present concur.

Treaty-making

The framers deliberately made treaty-making cumbersome so that the country could not enter into alliances lightly. The difficulty of convincing two thirds of the Senate to consent to controversial treaties has prompted Presidents to substitute executive agreements with other countries for treaties. (Executive agreements are either written or oral and they usually commit the parties to undertake certain steps or to accept obligations.) Most of the understandings and commitments between the U.S. and foreign governments today take the form of executive agreements, although these are nowhere mentioned in the Constitution.

There is no assurance of wisdom in Congress, and no such assurances in the presidency on domestic problems or foreign. The only assurance there is lies in process, in the duty to explain, justify and persuade, to define the national interest by evoking it and thus to act by consent.

—Alexander M. Bickle, constitutional scholar

Executive agreements must be sent to the Senate within 60 days, but since some of the more important agreements are classified, they are not debated; many are routinely reported late; and most are rarely disputed. Executive agreements are likely to remain important instruments of presidential power in foreign affairs.

Power to make war

Although the President is the Commander in Chief, the power to declare war rests with Congress. Did the Constitution intend that all uses of force be declared by Congress? Scholars disagree. In any event, Congress has only exercised the right in response to a presidential request. There have been only five declared wars in the nation's history (World War II, 1941–45, was the last declared war), a fact which illustrates both the changes in the nature of international conflict and the shift to the President of the power to employ the armed forces without a legal authorization by Congress.

The President has two additional informal but influential powers in foreign affairs. One of these is the ability to determine the national agenda—or bring issues to the forefront of public attention and concern. The other—which ranks among the President's most potent weapons for controlling foreign policy—is the power to commit the nation to a particular course of action diplomatically. Once he does so, it can be extremely difficult for the President's opponents to alter that course.

The Policymaking Machinery

MAKING foreign policy requires the participation of the President, the executive branch, Congress and the public. Conducting foreign policy, on the other hand, is the exclusive prerogative of the President and his subordinates in the executive branch. The distinction is fuzzy but important: you *make* policy when you decide to protect the security of the Persian Gulf; you *conduct* policy when you send the U.S. Navy to do it.

Until World War II, one agency, the Department of State, established in 1789 and the highest-ranking cabinet department, and one individual, the secretary of state, who is directly responsible to the President, managed foreign affairs. The traditional functions of the State Department and its professional diplomatic corps, the Foreign Service, include negotiating with foreign governments; reporting on and analyzing conditions in foreign countries; representing the American people and current U.S. policies to the world; advancing U.S. trade and investment; and protecting U.S. nationals overseas.

The U.S. emerged from World War II a nuclear superpower with global interests that stretched beyond the traditional skills of the State Department. The National Security Act of 1947, among other things, created a Department of Defense, a permanent intelligence agency and a small cabinet-level National Security Council (NSC). It includes the President, Vice President, the secretaries of State and Defense and the chairman of the Joint Chiefs of Staff and is designed to help the President manage and coordinate foreign policy. The NSC staff, headed by the President's national security adviser, consists of specialists in geographic areas and functional issues, such as arms control.

The outbreak of the cold war with the Soviet Union within months of the Allied victory in World War II put U.S. security and the containment of communism at the top of the nation's agenda. This meant that the Defense Department and the Central Intelligence Agency (CIA) frequently shared the foreign policy limelight with the State Department. A host of new agencies was also created to deal with security issues, from the National Security Agency, which collects, evaluates and disseminates intelligence gleaned from electronic communications, to the Arms Control and Disarmament Agency, which proposes, implements and monitors measures to limit or reduce weapons of war.

Other agencies created during the cold war to deal with America's expanded global responsibilities were the U.S. Information Agency (USIA) and the U.S. Agency for International Development (AID). USIA plans and conducts informational and propaganda programs abroad. Its radio arm is the Voice of America, a powerful shortwave radio network capable of beaming programs to most countries.

AID administers foreign economic assistance programs.

In consultation with foreign governments, it formulates aid projects, establishes procedures for carrying them out, and provides experts and other personnel. Although administratively separate, it receives policy guidance from the State Department.

The Pentagon. Military power serves as an instrument of diplomacy—as a means of achieving goals defined by civilian officials of the government. The head of the Defense Department is a civilian secretary who serves in the President's cabinet. The principal military adviser to the President is the chairman of the Joint Chiefs of Staff, a strategy board consisting of the senior officers of the Army, Air Force, Navy and Marine Corps. The chairman is designated by the President.

When, where and to what extent the U.S. should use its armed forces to achieve its foreign policy objectives is a highly charged issue. Since World War II, U.S. troops have served in Korea, Southeast Asia, the Dominican Republic, Lebanon, Grenada, Panama, the Persian Gulf, Somalia, Haiti and Bosnia and Herzegovina.

In recent years, the will to send U.S. troops abroad has declined. In the Balkans, the Bush Administration and initially the Clinton Administration favored a hands-off policy. When Clinton decided in the fall of 1995 that U.S. troops were needed to enforce the Dayton peace accords, he had a hard time convincing Congress and the public to support him.

Intelligence. The "intelligence community" is a group of federal agencies that includes the CIA, the National Security Agency and the Defense Intelligence Agency. They collect information (for example, how many nuclear weapons China possesses), assess its accuracy and reliability, and disseminate the information to decisionmakers. In addition, the intelligence community, most notably the CIA, undertakes, with the approval of the President, clandestine operations.

Other executive departments. Since the earliest days of the Republic, the Treasury Department has played a major role in foreign relations, focusing today on such items as the stability of the dollar and debt service on foreign loans.

Other executive departments deeply involved in foreign policymaking are Commerce (which the Republican majority in the last Congress hoped to abolish) and the Office of the U.S. Trade Representative. Since the end of the cold war, global priorities have changed from national-security concerns to the creation of new opportunities for trade, commerce and investment.

Process

President George Washington once remarked that the U.S. ought to have the most successful foreign policy of any country in the world because it had so many self-styled secretaries of state. There are still many cooks preparing the broth.

Theoretically, the process of formulation should begin with a clear definition of the national interests, followed by a delineation of the policies that would promote those interests and the courses of action by the various departments and agencies that would further those policies, as well as the allocation of the resources needed to carry them out.

In practice, no system is likely to produce a cohesive, viable and supportable foreign policy. The national interest is a cluster of particular interests, and the agencies and staffs involved may have very different views as to what it should be.

Policy and the Public

THROUGHOUT most of U.S. history, a very small group of people conducted foreign affairs. It was President Woodrow Wilson, a tireless champion of democracy, who was determined to "democratize" diplomacy—to do away with "secret deals" arrived at "behind the backs of the people" in favor of "open covenants openly arrived at." His ideas had a profound impact on the U.S. conduct of international relations long after his era. In World War II and during the cold war, when public support for America's foreign policy was critical, the role of public opinion rose to new eminence.

Not all members of the public exert the same degree of influence on policymaking. Social scientists tend to classify the public into three groups: the public-at-large or mass opinion, the attentive public and organized interest groups.

FPA PRESIDENT NOEL V. LATEEF *(left) and President Emeritus John Temple Swing present the* National Opinion Ballot Report *to Secretary of State Warren Christopher.*

The public-at-large tends to have less interest in foreign policy issues than in local concerns. It tends to be poorly informed and sometimes distressingly ignorant. In a study conducted a few years ago, most high-school students could not identify the U.S. on an unlabeled map of the world. The public-at-large is also crisis-oriented. Its interest is aroused by vivid television coverage—for example, starving children or fleeing refugees—that demands some kind of response. Finally, the public's foreign policy outlook tends to change with some regularity—from isolationist to interventionist and back.

The attentive public—or elite opinion on foreign policy—represents perhaps 10%–20% of the American people. It consists of citizens who are genuinely interested and involved. They tend to be better educated and well-informed. Many communicate their views to policymakers in Washington. They write letters, sign petitions, visit their representatives. The attentive public helps focus the attention and arouse the interest of the apathetic. They participate in the activities of organizations like the Foreign Policy Association, the United Nations Association of the U.S.A., the American Association of University Women and the League of Women Voters, that have contributed significantly to raising the level of public interest in and understanding of foreign affairs. The public

Financing Foreign Policy

One target of the congressional drive to reduce the national debt and eliminate the federal budget deficit has been the foreign affairs budget. The federal budget for international affairs covers State Department operations, arms control, development assistance, foreign military aid, the Peace Corps, peacekeeping, contributions to the United Nations, the North Atlantic Treaty Organization (NATO) and other international organizations, the food-for-peace program, the Export-Import Bank. The U.S. will spend $18.3 billion in fiscal year (FY) 1997 on international affairs. This includes $4.9 billion for the State Department and related programs (over $1 billion less than the Administration requested).

The international affairs budget represents 1.2% of the federal budget compared with the defense budget share which comes to almost 17%. The government, in fact, spends far less promoting its interests abroad than most Americans realize. A poll by the University of Maryland found that the average American believes the country spends 18% of the federal budget on foreign aid alone, and would support spending 6% on international affairs.

Since 1984, the foreign affairs budget has been cut, in real dollars, by 51%. The cuts have fallen across the board, but particularly hard hit has been State: embassies have been downsized and foreign consulates closed. Secretary of State Warren Christopher in January 1995 proposed streamlining the foreign affairs structure by moving three agencies (information, arms control and aid) into the State Department. But after three weeks of intense debate, the proposal was rejected. Vice President Al Gore's "reinventing government" team concluded that the potential savings were outweighed by the political effort needed to complete the mergers. The agencies were directed to make their own cuts.

Critics contend that there is still too much fat in the international affairs budget. The current foreign policy bureaucracy, according to Senator Jesse Helms (R-NC), chairman of the Senate Foreign Relations Committee, remains a relic of the cold war, bloated and inefficient, and needs to be reduced. He proposed eliminating the three agencies singled out by Christopher as well as trimming foreign aid. In March 1996, Congress passed a compromise bill which called for merging one of the three agencies with the State Department and reducing the staff of the other two. President Bill Clinton opposed the bill and vetoed it in April.

One of the most controversial items in the international affairs budget is the U.S. contribution to the United Nations. The U.S., as the wealthiest member, is responsible for 25% of the UN regular budget of $1.3 billion. The U.S. owes almost $1.5 billion in unpaid UN dues and peacekeeping assessments. That does not include payments to Specialized Agencies. Critics of the UN contend that until the international body takes further steps to improve its efficiency and tighten its financial management, the U.S. should continue withholding dues. Defenders of the UN note that it has already implemented major reforms, including appointment of an inspector general (a U.S. citizen) and adoption of a zero-growth budget. The U.S. has budgeted $341 million for the UN regular budget and $282.4 million for peacekeeping in FY 1997.

Before adjourning in October, Congress approved the 1997 international affairs budget. President Clinton said it provided certain "minimum acceptable levels" but warned that "the overall funding level for international affairs programs is well below what we need to assure that we can achieve our foreign policy objectives." He nevertheless signed the bill. *C.F.*

opinion elite also serves as a source of new and creative ideas for policymakers and as informed critics of prevailing policy.

The third category consists of organized interest groups. There are literally thousands of these. In addition to the "big three"—business, labor and agriculture—they represent every segment of society imaginable—religious denominations, war veterans, Foreign Service Officers, ethnic groups, environmental groups and human-rights advocacy organizations. Many individual business corporations with foreign interests maintain permanent offices in Washington, DC.

Some of the most intensive and successful lobbying is conducted by executive agencies and officials of the U.S. government. The President has several White House assistants whose responsibility is "legislative relations." Their primary goal is to gain support for the President's foreign and domestic programs on Capitol Hill. The Department of State, along with nearly all other executive departments, has a Bureau of Congressional Relations, which monitors Capitol Hill.

The foreign policy process has begun to change, and it is becoming more pluralistic, primarily as the result of the growing interdependence of the U.S. with the rest of the world. When the separation between domestic and foreign policy loses its meaning, decisions can no longer be made by the executive branch alone in consultation with a small group of foreign policy experts on the outside.

Democratization of foreign policy

Once engaged, how can citizens make their voices not only listened to but effective? What they need most of all is an understanding of the policymaking process. They can then develop an effective strategy for exerting their influence. This includes expressing their goals in a clear message and demonstrating that they have a strong political base and speak for key constituencies.

Wider participation or pluralism in the formulation of policy brings new voices into the process, and as a result decisions are likely to be based on a broader consideration of the issues and a fuller assessment of the alternatives. But greater participation also makes the foreign policy process more cumbersome. Extensive public discussion does not necessarily lead to consensus; it can be divisive and inconclusive. It is especially unsuited to formulating long-range national strategy or addressing complex issues. But democracies are often unwieldy and untidy. As the British statesman Sir Winston Churchill once remarked, democracy is "the worst form of government except all those other forms that have been tried from time to time." ■

Today's media: what voice in foreign policy?

The unprecedented power of the news media has caused many to worry about their influence over the country's foreign policy.

by Raymond Carroll

SOMALIS WITH THE TORN, *bloodstained pants of an American soldier. Photos such as this one turned the American public against any future commitment of U.S. troops abroad.*

THE AMERICAN intervention in Somalia during the early 1990s is often cited as an example of the news media's impact on the making of U.S. foreign policy. Reflecting on the decision to send troops to the East African country on a famine relief mission in December 1992, former Secretary of State Lawrence Eagleburger said: "I will tell you quite frankly television had a great deal to do with President Bush's decision to go in in the first place...it was very much because of the television pictures of these starving kids [and] substantial pressures from the Congress that came from the same source."

During the first year of the Clinton Administration, the humanitarian effort evolved into a manhunt for one of the country's contending warlords, ending in a brutal firefight that left 18 U.S. soldiers dead and many wounded. Pictures of a dead helicopter pilot being dragged through the streets of Mogadishu, the Somali capital, were shown on television and front pages across the country. Americans were outraged. "This past weekend we all reacted with anger and horror," President Bill Clinton told the nation on October 7, 1993, "as an armed Somali gang desecrated the bodies of our American soldiers." The President rejected public and congressional calls for an immediate exit from Somalia, but he announced that U.S. troops would be withdrawn by March 31. By setting a firm departure date, Clinton quieted some of his critics, but not all. "Once again," complained *The Economist* (London), "television images are shaping American foreign policy."

The evident influence of the media on the climate of public opinion and on the subsequent reluctance of the government to commit U.S. troops confirmed the impression of many Americans that newspapers, radio and especially television play a prominent role in the conduct of foreign affairs. Some charge that uncertain leadership in the White House often has led to "weathervane" foreign policy, one that shifts in the winds of media-generated public opinion. They shudder to think of the day when computer networks become a significant media force, with on-line political groups able to rouse a homebound public to push buttons on behalf of one side or another on international issues.

Until the Vietnam War, when television, for the first time, brought the horror of war into millions of homes, the media had seldom had as great an influence in the shaping of foreign policy. During that long, painful struggle, newspapers strongly questioned America's role in Southeast Asia. Right after the enemy's "Tet offensive" in January 1968, many editorials expressed alarm, and many were sharply critical of President Lyndon Johnson's war policy. Even the usually supportive *Wall Street Journal* warned the American people that "the whole Vietnam effort may be doomed."

Days later, the respected CBS anchorman Walter Cronkite, after a trip to the war zone, rejected rosy official predictions of eventual victory and stated that he was "more certain than ever that the bloody experience of Vietnam is to end in stalemate." The President, who admired Cronkite, had watched the program. "If I've lost Cronkite," he said to his aides, "I've lost Middle America."

Apparently convinced that he had lost public confidence, Johnson stunned

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the country two months later by announcing that he would not run for a second term in office. He also stated that he was prepared to de-escalate the war unilaterally and move immediately toward negotiation. Though America's military involvement was not to end fully until 1973, Johnson's action was the beginning of the end of America's role in Vietnam. Chroniclers of the Johnson Administration are convinced that the media played an important role in his momentous decision.

Since Vietnam, the power of the media to influence public opinion and foreign policymaking has grown enormously. The reasons are several:

O new technologies have enabled communications networks to deliver news instantaneously from almost anywhere on earth;

O mergers of electronic media and newspaper chains have created strong, fiercely competitive news organizations;

O the adversarial relationship between journalists and foreign policymakers has intensified;

These changes have given the American news media an unprecedented strength. There have been dramatic examples of this policy-shaping muscle:

O The media's constant harping on the inability of the U.S. to gain freedom for the 52 American hostages held in Iran for 444 days by militant students, many believe, led to President Jimmy Carter's election defeat by Ronald Reagan in 1980. But others believe the economy, not foreign policy, was the decisive issue.

O The American media's strong hostility to Philippine President Ferdinand E. Marcos, and its equally strong support of opposition leader Corazon Aquino, is widely believed to have influenced the Reagan Administration's decision to advise Marcos to resign and helped bring down the dictatorial leader in 1986.

O After the 1991 defeat of Iraq in the Persian Gulf war, the attempt by Iraqi President Saddam Hussein to punish the rebellious Kurds caused over a million of them to flee to Turkey and Iran. The televised spectacle of families freezing in the mountain passes shocked Americans and prompted the U.S. and its allies to come to the aid of the Kurds. Among other things, the allies established a protected Kurdish enclave, forbade Iraqi aircraft to fly there and began regular patrols of the area with warplanes.

It is impossible to deny the strong role played by the media in these events. But that is not to question the American media's right to cover these stories as they see fit. A free press may sometimes complicate life for policymakers, but, at its best, it also informs the public and focuses attention on issues that governments sometimes wish to keep under wraps. President Thomas Jefferson's well-known remark bears repeating: "Were it left to me to decide whether we should have a government without newspapers or newspapers without government, I should not hesitate a moment to prefer the latter."

It is also worth noting that the media, though sometimes a powerful influence on foreign policy, is more often than not a negligible factor. In fact, many foreign policy questions that are of concern to the White House or State Department—like the nuts and bolts of negotiation on trading practices or nuclear proliferation—are of no interest at all to television producers and only of occasional interest to editorial writers. Moreover, leaders do not always dance to the media's tune, especially when public opinion is uncertain.

Media serve policymakers

The pressures may be potent, but policymakers can, and do, resist them. Government officials from the President on down often use the media to influence public opinion and build support for foreign policy goals. Many have become adept at using television, newspapers and radio to promote government policies or, on occasion, their own viewpoints. The Pentagon, unsettled by the reports of free-roaming correspondents during the Vietnam War, now restricts coverage of its wartime activities. During the interventions in Grenada and Panama in the 1980s, and during the Persian Gulf war of 1991, the U.S. military kept journalists far from the action and controlled the flow of news by holding televised press conferences to highlight the triumphs, real and fanciful, of U.S. arms.

What makes the American news media powerful? How do they influence foreign policymakers? How do officials, in turn, influence the media? Do the media exert a positive or negative influence on the shaping and conduct of U.S. foreign policy? ■

Sources of media power

OFFICEHOLDERS have long been wary of the press. "Four hostile newspapers are more to be feared than a thousand bayonets," said the Emperor Napoleon. That judgment has been shared by many an American policymaker. But today, the power of the news media, particularly in the U.S., has grown so enormous that government officials and much of the public fear that the media has become—without benefit of election—"the fourth branch of government."

Many Americans say they distrust journalists; and in recent years the number of newspaper readers and TV news watchers has declined. Still, a major source of the media's power, its appeal to the general public, remains strong. Many millions remain addicted to daily doses of newspapers, radio news and especially television news programs.

This does not mean they are getting much to read, or hear, or watch in the area of world affairs. In fact, since the collapse of the Soviet bloc and the end of the cold war, foreign news coverage on television and in newspapers has been dwindling. A study of the three major television networks by Pippa Norris of the John F. Kennedy School of Government at Harvard University showed that the number of international stories dropped from an average of 33% per newscast during the cold-war years to 24% in 1993. The amount of time devoted to foreign news stories was reduced along with their frequency. A survey by Freedom Forum found that continuing international stories were the "most likely to disappear from network news coverage" when cutbacks in

coverage were required. According to a study by the Times Mirror Center for The People and The Press (now the Pew Research Center for The People and The Press), local television (from which one fourth of all Americans get most of their news) may be all but ignoring the world outside the U.S.

The best American providers of foreign news are a handful of "elite" newspapers like *The New York Times, The Washington Post, The Los Angeles Times* and *The Christian Science Monitor.* They are superior to TV or radio in exploring stories in depth, supplying details and explaining complex issues. Some smaller, regional newspapers, relying chiefly on wire services and syndicated material, publish limited amounts of foreign news. Still, as Stephen Hess of the Brookings Institution remarks, "the newspaper industry almost requires us to move to certain large cities if we wish to be well informed about the state of the world."

Radio, with the exception of the noncommercial stations linked together as National Public Radio (NPR), is largely a wasteland when it comes to serious coverage of foreign affairs. Television, aside from CNN, C-Span, and public TV channels, stresses foreign stories with high visual impact and emotional appeal. Conflict and crisis predominate. Whole continents go unmentioned for months at a time. But perhaps because television cameras seem to provide an unfiltered, firsthand view of reality, Gallup, Roper and Pew Research Center polls in recent years have found that the public sees TV as the most believable and trustworthy source of news.

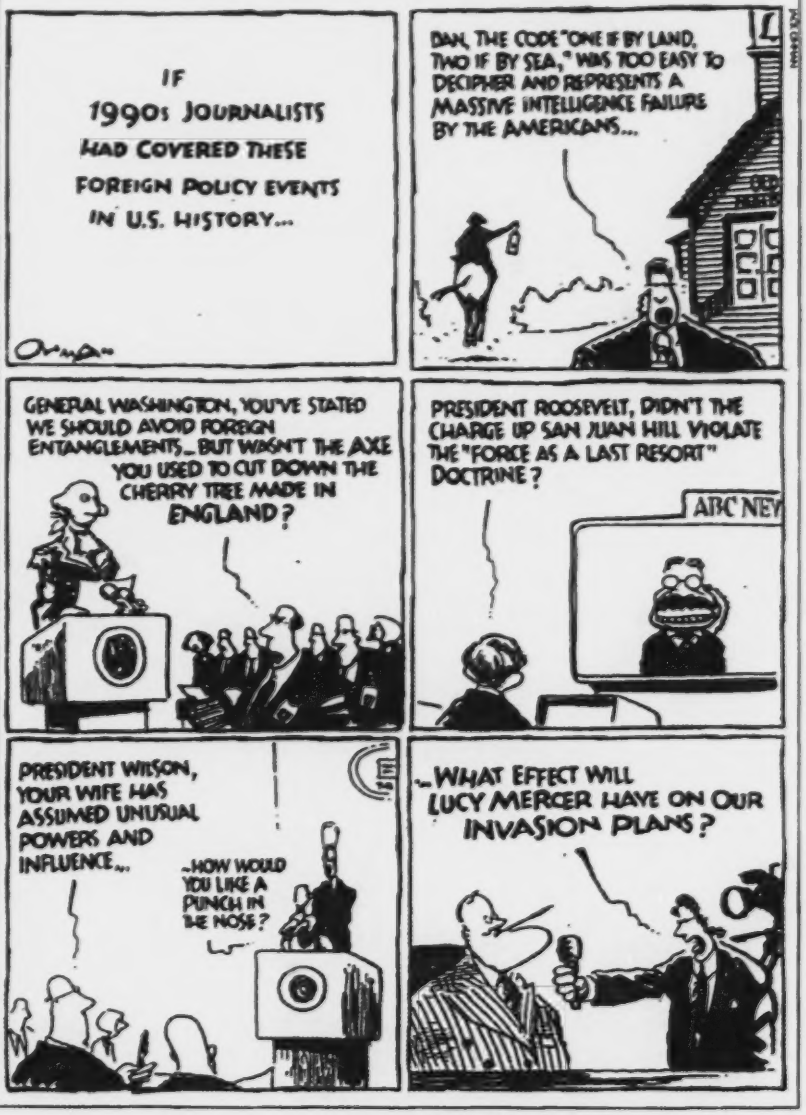
Americans, far more than most nationalities, are ethnocentric; they have comparatively little interest in foreign news, and editors are aware of this. After polling newspaper managing editors across the country, one survey showed that they rated foreign news fifth out of seven story categories in terms of audience interest. When newsmagazines feature international events on their covers, they reportedly sell 20% fewer copies than they do on average. "At any given time," contends Bernard Gwertzman, foreign editor of *The New York Times,* "there are only about 2 million people in this country who are really interested in foreign affairs."

Indeed, polls indicate that most Americans become interested in foreign affairs only when fellow citizens are involved. They also show that the U.S. public remains amazingly ignorant of foreign countries and world affairs. This lack of interest and knowledge makes the general citizenry easily influenced by what is seen and heard on television, the chief source of foreign news. So, despite the decline in coverage, the impact of TV remains great. Long-running stories about famine victims, destitute refugees, ethnic massacres or warfare, especially when U.S. troops are involved, do command public attention and generate public interest in American policy.

Though critics complain about the quantity and quality of television's international coverage, it has exposed a vast, new audience to news about foreign affairs. Before TV, few Americans would have heard of or cared about the fighting in Bosnia or Chechnya, famines in Africa or the refugees in Kurdistan. Worrying about such situations was the job of foreign policy officials and experts. Now, average citizens across the country know and care enough about these remote troubles to write letters, make phone calls, send faxes and E-mail, even give speeches, organize demonstrations or otherwise make their concerns known to Congress or the White House.

Satellites and cynicism

In recent years, new technology—cable and satellite television transmission,


IF
1990s JOURNALISTS
HAD COVERED THESE
FOREIGN POLICY EVENTS
IN U.S. HISTORY...
DAN, THE CODE "ONE IF BY LAND, TWO IF BY SEA," WAS TOO EASY TO DECIPHER AND REPRESENTS A MASSIVE INTELLIGENCE FAILURE BY THE AMERICANS...
GENERAL WASHINGTON, YOU'VE STATED WE SHOULD AVOID FOREIGN ENTANGLEMENTS... BUT WASN'T THE AXE YOU USED TO CUT DOWN THE CHERRY TREE MADE IN ENGLAND?
PRESIDENT ROOSEVELT, DIDN'T THE CHARGE UP SAN JUAN HILL VIOLATE THE "FORCE AS A LAST RESORT" DOCTRINE?
ABC NEV
PRESIDENT WILSON, YOUR WIFE HAS ASSUMED UNUSUAL POWERS AND INFLUENCE...
-HOW WOULD YOU LIKE A PUNCH IN THE NOSE?
-WHAT EFFECT WILL LUCY MERCER HAVE ON OUR INVASION PLANS?

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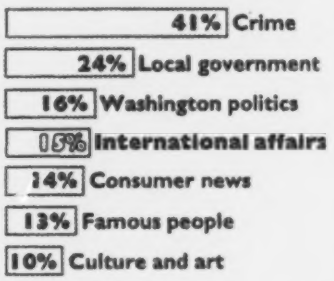
News Stories People Follow

A sample of news stories and the percentage of regular viewers, listeners and readers they attract.



SOURCE: THE PEW RESEARCH CENTER FOR THE PEOPLE & THE PRESS, MAY 1996

miniaturized cameras, fax machines, computers and satellite phones—has enabled communications organizations to deliver news instantaneously from almost every part of the world. This has not necessarily been good for the quality of foreign news coverage. News organizations have been able to close or reduce costly foreign bureaus and rely instead on "parachute" coverage, whereby correspondents and their state-of-the-art equipment are jetted around the globe to cover specific events in locales they know little about. Under these circumstances, the reportage may often lack historical background and analytical depth.

In addition, the communication revolution has put enormous pressure on policymakers, including the President and his top advisers, to respond quickly to world events. After all, millions of average Americans, just like the policymakers, can watch televised stories as they unfold from Zaire or Iraq in "real time." Moreover, the audience has become global. CNN has become essential viewing in the White House and in chanceries and hotel lobbies around the world. As U.S. planes bombed Baghdad, the Iraqi capital, during the Persian Gulf war, the live TV coverage was watched by Presidents George Bush in Washington and Saddam Hussein in Baghdad. Also watching were Prime Minister Margaret Thatcher in London, President Boris Yeltsin in Moscow, and—in his tent in Tripoli—Libyan leader Muammar Qaddafi.

If technology, and the astonishing reach, immediacy and public appeal it provides, is one reason for the media's growth as a powerful force in foreign policymaking, economic forces are another. The number of independent owners has shrunk. Business mergers involving television, radio and newspaper chains have created larger "cross-media" chains and huge international conglomerates fighting for shares of national or global markets. The General Electric Company (GE), for example, in 1991 numbered among its holdings companies producing everything from dishwashers and air-conditioners to aircraft engines, spacecraft, medical services, data networks and news. GE's news companies included over 200 radio stations and the National Broadcasting Company (NBC). Westinghouse Electric Corporation, in addition to its many industrial holdings, owns the Columbia Broadcasting System (CBS).

As small parts of giant corporations, many newspapers, radio stations and television networks must pay even greater than usual attention to circulation figures, ratings and other indicators of profitability. The bottom line counts more than ever. To earn their pay journalists are pressed to dig out the exciting or exclusive story, sometimes leaked by officials, or policymakers' immediate reactions to often complex international events.

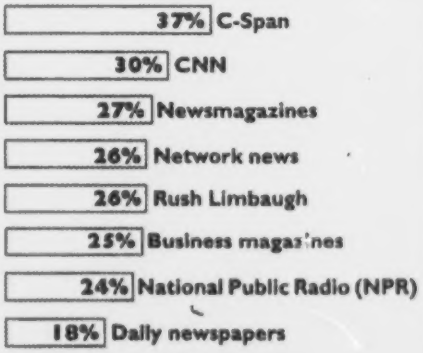
The more aggressive and skeptical attitudes of individual journalists have also become a factor in the power and influence of the media. Long gone are the days when the press corps actually tended to believe the government's version of critical events. "By the mid-1960s, Vietnam had begun to corrode this attitude," writes the veteran newsman Marvin Kalb, now head of the Joan Shorenstein Center on Press, Politics and Public Policy at Harvard's Kennedy School of Government, "and by the mid-1970s, Watergate turned it into a sour cynicism, which has persisted to this day."

The various media of course have a legitimate and significant role to play in insisting that the government explain its foreign policies and be accountable to public opinion. That is the essence of their adversarial function. But some members of the Washington press corps, fully aware of the power they wield, occasionally have attempted to browbeat high officials, even Presidents, in a tone of hostility that has not endeared them to the general public. A common, and perfectly legitimate, journalistic tactic is to establish information-trading alliances with members of Congress concerned with foreign policy. Journalists and legislators, writes Robert J. Kurz, former aide to Representative Richard A. Gephardt (D-MO), "share a common interest, often a rivalry, against the executive" as they both seek to "discover what the executive is up to, uncover wrongdoing, or expose inherent contradictions in policies or their implementation."

Members of the media are, Kurz says, one of the "forces in the struggle over foreign policy." They are neither villains nor heroes.

Most Influential Media

Where people who follow international affairs closely get their information (percentage of regular viewers, listeners and readers of international affairs).



SOURCE: THE PEW RESEARCH CENTER FOR THE PEOPLE & THE PRESS, MAY 1996

Policymakers' role

Journalists, especially those from major news organizations, can occasionally exert intimidating pressures on policymakers. But most of these high-level officials are neither defenseless nor guileless. Indeed, Robert C. McFarlane, a national security adviser to President Ronald Reagan, believes it is essential that those formulating national security policy not only have "an ability to conceive of sensible policy...[but] must be able to explain that policy through the media."

As representatives of the

world's sole remaining superpower, U.S. foreign policy officials—not the media—usually create news and set the news agenda. The President can focus attention on an issue simply by raising it in a speech or press conference. Officials can put a particular "spin" on a story by releasing or leaking favorable news and withholding other information. "I think in an Administration, if it's activist...it tends to determine [the] agenda for the press," says Zbigniew Brzezinski, the national security adviser in the Carter Administration. "Not exclusively, and certainly many events transpire over which you have no control. But by and large we set the agenda."

Additionally, unless an Administration has squandered its credibility through ineptitude or misconduct, in the public mind the President and his foreign policy advisers almost always have the benefit of the doubt. Their monopoly on secret intelligence and classified information also bestows a "presumption of authority" that strengthens their hand in dealing with the media.

Stage-managed news

Those advantages often tempt policymakers into trying their hand at stage-managing events. An egregious example was the Pentagon-planned presence of hordes of camera-flashing journalists on the beach when the marines landed in Somalia to begin the U.S. humanitarian mission. "What too often counts," says David R. Gergen, a White House adviser in the Nixon, Ford, Reagan and Clinton Administrations, "is how well the policy will play, how the pictures will look, whether it sends the right signals, and whether the public will be impressed by the swiftness of the government's response—not whether the policy promotes America's long-term interests."

Sometimes, adds Gergen, policymakers respond to events too quickly in order to accommodate the deadlines of the demanding media. Decisions are made, statements are given, "on a perceived need to make the evening news." Spokesmen for the Reagan Administration rushed to issue a condemnation of the Soviet shootdown of a Korean commercial airliner in 1983 on the basis of early information that proved to be wrong. Going public with incorrect details tended to undermine a strong case against the Soviet action. To the argument by some officials that the public demands fast response from the government, Gergen retorts: "There is no evidence to support this view. On the contrary, the public seems to care more about results and consequences than about one-night headlines."

DEPUTY SECRETARY OF DEFENSE *John P. White briefs the press on Bosnia. In wartime, the Defense Department reserves the right to censor news.*

Media and the message

Often, policymakers promote the country's interests by using the media to send diplomatic signals to other countries or even to speak directly to other peoples. Instead of sending messages through ambassadors, the President or other top officials may find that speaking their own words in a press conference or interview has more impact on certain foreign leaders. The print media are most often used to signal foreign leaders; television and, especially in developing countries, radio are used to reach large foreign audiences. "I used international media broadcast in several cases; we had nationwide broadcast to Poland and to Germany, including East Germany," recalls former President Jimmy Carter. "And with arrangements, even Communist governments [allowed] that the telecasts would be live and nationwide."

Frequently, however, U.S. officials have failed to explain foreign policies adequately to the American people. In one recent effort to remedy this, the U.S. State Department launched a Regional Media Outreach unit in February 1996. Essentially, it arranges for key officials to be interviewed about current issues on local radio and television stations. State Department spokesmen stress the importance of talk radio, including call-ins, in taking their message outside the purview of the national press corps and getting feedback from the public. William Kristol, conservative editor of the *Weekly Standard,* agrees about the importance of radio. "Talk radio," he says, "has allowed the rest of America to penetrate inside the beltway."

If the media can be used as a megaphone to transmit information from the policymakers, they also are valuable as sources of information. Even many government officials agree that the media provide far swifter information about fast-breaking international events—wars, hijackings and disasters—than the far-flung diplomatic corps and intelligence agencies. In some situations the media simply have better access to key sources of information. Robert Pastor, a National Security Council staff member in the Carter White House, says the news media is

"more effective than anything else in following a fast-breaking violent crisis because the media can go to places that are under siege that the CIA [Central Intelligence Agency] can't go."

Other policymakers, while agreeing that the media frequently are the fastest news providers, add that the information often has limited usefulness. Dennis Harter, former director of press operations at the Department of State, thus praises the media as a source of "raw data, but not for analytical information." Many policymakers would agree with that judgment, particularly with regard to network television. The raw data on crisis events is sometimes useful, but taking into account time limitations, TV's foreign news stories cannot give much context, historical background or analysis. Moreover, TV gives scant attention to stories, no matter how important, that lack colorful pictorial interest.

As a rule, policymakers rely more heavily on a handful of prestige media as nonofficial sources of news and opinion. "Back in the 1950s, when I was starting in the Foreign Service, *The New York Times* was by far the most important outside reading matter at the State Department," recalls one senior U.S. diplomat. "Now, when I go in as a consultant, I still see the *Times* on many desks, but also *The Washington Post*, European newspapers, *The Economist* (London) and *The Financial Times*. In almost every office there is also a TV set going all day long with CNN news." These sources of news are also apparently favored by many members of Congress concerned with foreign affairs and the foreign policy community outside government. ■

Media mischief?

THE MEDIA are clearly useful to the government as a source of certain kinds of information, as a means of explaining U.S. policy to the public and as an informal channel to foreign governments and people. But just as clearly, the media are sometimes seen by officials and members of the public as meddlesome, self-serving and even detrimental to U.S. interests.

NEWS MAKER *Walter Cronkite in 1975*

During the Persian Gulf war, a Los Angeles Times Mirror poll showed that a large majority (80%) of Americans agreed that news censorship by the U.S. military was a good thing. Many did not like it when American journalists chose to defy the rules and tried to cover the action on their own; some were appalled when CNN correspondent Peter Arnett, broadcasting from Baghdad, interviewed Saddam Hussein at length and described in vivid detail the damage done by American bombing, including a direct hit that killed many civilians in what appeared to be an air-raid shelter.

Arnett was applauded by most journalists, who believed it was his professional duty to report the war as he saw it. If that gave some temporary comfort to the enemy, if the U.S. government and the military brass were annoyed by this "above the battle" attitude, that was unfortunate but not a reason for the media to shirk their responsibility.

Television correspondents on occasion have even injected themselves into the diplomatic process, causing at least temporary distress at the State Department. The most dramatic example of this came in 1977, when Walter Cronkite, in a satellite interview with Anwar al-Sadat, got from the Egyptian president a public promise to visit Jerusalem to seek peace with Israel. In a later program, Cronkite won a pledge from Israeli Prime Minister Menachem Begin that he would personally welcome Sadat, thus setting the scene for a historic meeting and peace between the two countries.

Cronkite's coup proved to be of great diplomatic value to the U.S. and to the cause of peace in the Middle East. But it did establish a precedent for media meddling in unfamiliar and dangerous waters. Journalism of this sort provoked the usually unflappable Israeli statesman Abba Eban to deplore "the intrusion of the media into every phase and level" of international diplomacy.

After the June 1985 hijacking of a TWA aircraft, television news teams became intensely involved in the 17-day negotiating process, giving much publicity to the terrorists and their demands for the release of prisoners by Israel. Many people, including President Reagan, criticized the media in general, and television in particular, for playing into the hands of the terrorists. After their release, some of the TWA hostages who were interviewed by correspondents while terrorists stood by with pistols complained that the TV networks used them to boost their ratings and may have complicated efforts to free them.

During the Iran hostage crisis, Mike Wallace interviewed the Ayatollah Khomeini on CBS's *60 Minutes*. The aggressive questioning, President Carter later said, pressured the Iranian leader into committing himself before a world public to a hard line and made it "impossible for him to meet with or talk to any intermediaries that we would want to send to explore the opportunities at least for the hostages."

Hodding Carter, a journalist and former State Department spokesman, offered a blunt opinion in one interview with political scientist Patrick O'Heffernan: "There is," he said, "no place in diplomacy for journalists or anyone not authorized by the government."

New concerns

The remark by Hodding Carter reflected the views of the majority of government policymakers and most other foreign

policy experts as well. They fear that foreign policy too strongly influenced by the media, and by media-driven public opinion, would shift with prevailing moods and thus become unpredictable, unreliable and possibly dangerous. Some often-overlooked recent developments—the expanding role of prominent public relations firms and the increase in the number of computer networks—add to their concerns.

The PR-media connection

In recent years, many foreign countries have discovered that American public relations firms can help them manipulate the U.S. media—and therefore public opinion and the decisions of policymakers—to their own advantage. The countries may be large or small, friendly or unfriendly, rich or poor. If they wish to influence the direction of U.S. policy, they pay sizable sums to firms such as Hill & Knowlton, Burson Marsteller and Ruder Finn, as well as to less well-known public relations (PR) practitioners.

These companies may provide their clients direct access to high officials and a chance to plead their cause. They also produce slick newsletters, pamphlets and news releases; they may place advertising supplements in the major newspapers. Far more important, the PR wizards provide their clients with sophisticated advice on "packaging" their policies to make them more acceptable to the American public. They teach them what to say about their government's policies and actions. They train their diplomats in the best ways to talk to American journalists and anticipate the questions they will be asked. They show them how to behave on television programs.

Another effective PR tactic involves video news releases, or VNRs, a subject many TV news directors do not like to discuss. These are video tapes made by public relations firms for their clients, including foreign countries, and distributed free to television stations in every part of the U.S. They are propaganda pure and simple, but sometimes they contain interesting footage about a country in the news. Hundreds of stations, especially local ones with small budgets, make use of them in edited or unedited form. According to Medialink, which distributes most of the VNRs, two made by Hill & Knowlton as part of a $10 million campaign for the government of Kuwait were among the 10 most popular in 1990. One on Iraq's invasion of Kuwait reached 61.4 million American viewers; one on Iraqi human-rights violations in Kuwait reached 35.3 million.

Hill & Knowlton's biggest triumph on behalf of Kuwait came in October 1990, when a 15-year-old Kuwaiti girl appeared before the Human Rights Caucus of the U.S. Congress. She said she had seen Iraqi soldiers come into a hospital with guns drawn. They took 15 babies, she testified, "out of the incubators...and left the children to die on the cold floor."

The girl, who claimed to be a hospital worker, had been given her role by Hill & Knowlton. The PR firm sent its own camera crew to the hearing, produced its own film and sent it out to Medialink for release. This was the VNR, mentioned above, that was seen by over 35 million Americans. Portions showing the girl's testimony were shown on *NBC Nightly News*.

As Congress continued to debate whether to approve military action against Iraq, Hill & Knowlton warned the Kuwaitis that the American public's support for "the military option" was waning and asked for more atrocity stories from "eyewitnesses," a term that was put in quotation marks. While the House Committee on Foreign Affairs held a hearing on January 8, 1991, the press was reporting that Amnesty International was vouching for 312 incubator murders. Four days later, Congress approved military action and four days after that the U.S. began its air campaign against Iraq.

After the war ended, Kuwaiti hospital officials denied the story, and Amnesty International withdrew its report after a team of investigators found "no reliable evidence" for its earlier claims. The girl who had made the initial allegations was revealed by *Harper's* magazine as not a simple hospital worker but the daughter of the Kuwaiti ambassador to the U.S. "H&K had done its job well," wrote Arthur E. Rowse in the *Columbia Journalism Review*. "The same could not be said of the U.S. press."

The media not only had accepted uncritically but propagated a public relations firm's fabrication. The decision to go to war against Saddam Hussein's Iraq may well have been a wise one. But

PRESIDENT BILL CLINTON *uses a notebook computer during a campaign stop in Atlanta, Georgia, to send a message to Vice President Al Gore. The new world of computer networks has vast implications for both the media and the makers of foreign policy.*

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misleading the American public and thus influencing Congress's decision to go to war was not one of the media's finest hours.

Cyberspace

Manipulation of press and public opinion by PR strategists is only one of the new wrinkles presented to foreign policymakers by contemporary society. They must also keep watchful eyes on cyberspace, the world of computer networks, and its potential emergence as a factor in government decisionmaking.

Millions of homes in the U.S. have personal computers, and anyone with access to one and to a modem can, usually for a fee, gain entry to a network. A network can be as small as a group of friends; it can be the Internet, a vast global "network of networks" that encompasses a huge amount of information. By1995, the Internet had countless millions of users worldwide and sites where you could get news, conduct research, inspect art and illustrations, hear spoken commentary, and discuss events or issues with other people or groups on the net.

Once on line, users can gain access to university libraries, read a wide variety of major newspapers and magazines, communicate with the White House or the State Department; they can reach the sites of political candidates, the League of Women Voters, labor unions, the Library of Congress, and thousands of political and advocacy groups. Many are "interactive," meaning that you can exchange messages.

The impressive growth of the Internet clearly has implications for both the media and the makers of foreign policy. People interested in foreign affairs no longer have to rely on the traditional news sources; they now can bypass journalistic gatekeepers and engage in "broadcatching," or reaching out to any number of sources for information and analysis on subjects of their choice. In the past few years, the percentages of people reading print news and viewing television news have declined, a drop partially attributed to the use of personal computers, particularly by younger adults.

In addition to gathering information on the North American Free Trade Agreement, or Haiti, or Bosnia, or the UN, Internet users can discuss policy issues with like-minded people, and they can organize campaigns to support or oppose specific issues of foreign policy. They can fire off blizzards of E-mail, zinging politicians for their voting records or journalists for incompetence or bias.

Some praise the Internet, and the new communications media in general, for giving a voice to many who otherwise would be onlookers. Some visionaries even foresee a time when the new media will bring such power to public opinion that the "ruling elites" eventually will be replaced with government by popular consensus. Foreign policy issues, like all government affairs, would be debated in electronic town meetings and voted on by American citizens sitting at home before their computers. Representative democracy as it has existed in the U.S. would be replaced by a purer, direct form of democracy.

This is a pipe dream, say the debunkers. An on-line American public that talks back may well have a tempering effect on policy decisions, but it will never have the knowledge or the deliberative skills required to actually make policy. Public opinion is far too easily swayed by day-to-day events, by emotion, and by political snake-oil peddlers to make careful, unhurried judgments. For a large, complex superpower faced with complicated global issues, the current system of representative democracy based on regular elections is the only feasible—and constitutional—course.

However one looks at it, few would doubt that the rise of new communications media like the Internet will have far-reaching consequences for American politics and American foreign policy. Will the computer-using segment of the public generate powerful new pressures on foreign policy decisions? Will their views tend to strengthen isolationist tendencies in the country and make strong foreign policy leadership by the U.S. more difficult? ■

Limit the media?

In the Information Age of today, the media—especially television, radio and computer networks—are almost certainly going to become more powerful. Their influence on the makers of American foreign policy will be hard to resist.

What, if anything, can and should be done about it?

Harsh critics of the media are easy enough to find among past operatives in the sphere of U.S. foreign policy. Michael A. Ledeen, former special assistant to Secretary of State Alexander M. Haig Jr., has argued that the media often revealed secret government information about foreign policy in an irresponsible way; he would favor laws stating that the media do not have "an absolute right to reveal" government secrets. He believes the book *Veil* by journalist Bob Woodward, which discussed a number of CIA operations, should never have been published and added, "if he is telling the truth, he has almost certainly doomed several foreign citizens who made the mistake of cooperating with the government of the U.S."

William E. Odom, former director of the National Security Agency, declares that the role the media have assumed as an "unelected ombudsman" with a mandate to extract and disseminate information on government activities has "no historical or legal foundation." Attacking the media's lack of responsibility and accountability, Odom asks that the media voluntarily accept some limitations on their First Amendment rights. "What is needed is a general realization that in certain situations, national interests can and should limit the unbridled exercise of individual rights."

It is unlikely that the media would accept a limitation, either Odom's voluntary kind or Ledeen's legislative kind, on its right to gather and publish or broadcast news about foreign policy or anything else. Moreover, it is doubtful that many Americans would want to see serious limitations on the media. The Constitution's language that "Congress shall make no law...abridging the freedom of speech or of the press" is generally accepted as something akin to holy writ.

But if the First Amendment and

American tradition certainly would inhibit any attempts to control the privately owned media, there is nothing to stop private, nongovernmental pressures from being applied. People who believe the media have too much influence over foreign policy can do more than grumble.

Listeners, viewers and readers, acting individually or in groups, can use letter-writing and fax campaigns, picket lines, threats of sponsor boycotts and even stockholder complaints when they find fault with a media corporation's international news coverage. They can complain to their congressional representatives and the White House, threatening electoral punishment for bending before media pressures. When possible, individuals should enlist the aid of organizations concerned with government policy, particularly foreign affairs, in pressing their complaints.

What good does complaining do? That will vary from case to case, but media companies and advertisers are often quite alert to public dissatisfaction; and politicians always need votes.

While audience protest by concerned groups and citizens can be productive, the reality is that the modern communications technology that creates so much of the media power and media pressure on U.S. foreign policymaking is not going to go away. Moreover, the media and government will remain at loggerheads, since they have different responsibilities. The presumed duty of the government is to govern; the presumed duty of the media is to publish and broadcast.

Under these circumstances, the best hope for American foreign policy that reflects the long-term interests of the country and not momentary, media-incited passions will rest with the quality of the country's leadership. Ideally, the country's President and other high-level policymakers should have core principles and objectives in foreign affairs that will not easily be shaken by editorials or television pictures of humanitarian disasters.

History, as usual, has some lessons and examples to offer. Leaders as diverse as Theodore Roosevelt, Franklin Delano Roosevelt, John F. Kennedy and Ronald Reagan were masterful in adapting to the news media of their time. Rather than being used by the media, they used the media. "Media technology is rarely as powerful in the hands of journalists as it is in the hands of political figures who can summon the talent to exploit the new invention," writes journalist and professor Johanna Neuman in her book *Lights, Camera, War*. "In this contest for public opinion, what Teddy Roosevelt called the bully pulpit of high office, the platform from which to summon a great cause and marshal political will, is mightier than the power of the pen or the presses." Or of the cameras or the computers, as Neuman says elsewhere.

IS THAT A CHEERING SECTION, OR ARE THEY ABOUT TO POUNCE?
IS IT BEFORE OR AFTER THE ELECTION?
THE MEDIA
THEY'LL BE ASKING IF YOU MISLED THE PUBLIC

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Strong, principled leadership in foreign policy, in short, can overcome powerful media pressures. If so, then the message seems clear: It is up to the American people to choose leaders who can measure up to the job.

U.S. policy options

❑ 1. To prevent U.S. policymakers from being unduly swayed by the media, Americans should choose leaders who are well-versed in international affairs.

Pro: As the world's only superpower, the U.S. needs leaders with a sure grasp of the complex issues of foreign policy and with enough conviction to withstand the transient pressures of the media. In this complicated post-cold-war world, the U.S. needs strong, consistent foreign policy.

Con: Foreign policy is not a primary concern when it comes to choosing the country's leaders. Domestic issues are far more important to average Americans. Leaders can choose advisers who will keep them adequately informed and able to make decisions without the influence of the media.

❑ 2. Congress should consider legislation similar to Britain's Official Secrets Act, which makes any unauthorized disclosure of official information by anyone, including journalists, a criminal offense.

Pro: To guarantee national security, governments require a degree of secrecy to conduct serious diplomacy, intelligence operations or military actions. Leaking or dissemination of secret information damages the country and should be punished.

Con: Such legislation would violate the First Amendment and hence be unconstitutional. It would prevent the media from exposing official misconduct, blundering and government policies harmful to the country. ■

Opinion Ballot on page 87

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DISCUSSION QUESTIONS

1. Do the news media have too much influence over U.S. foreign policy? If so, which has the most—newspapers, newsmagazines, radio or television?

2. The news media have been charged with sometimes presenting a distorted, or biased, picture of foreign policy events and issues. Is the charge fair? If so, give examples.

3. When the news coverage seems to influence policy excessively, as in the case of Somalia, who is at fault? The President and his policy advisers? The media? The American public?

4. Do the makers of U.S. foreign policy, including the President and the secretary of state, explain the issues clearly to the American people? Is there any way they can use the media more effectively in that regard?

5. In recent military actions, for instance the Persian Gulf war, the U.S. military greatly restricted the ability of journalists to cover the action. Do you agree with this policy?

6. Is freedom of the press an inviolable right? Or are there circumstances when the media's right to publish or broadcast should be curbed? If the latter, should restrictions be enacted into law or should they be voluntary?

7. Should public opinion be a factor in making foreign policy? Or should the President and his advisers make decisions they believe are in the interests of the U.S., even when opinion polls say the public is not in accord with them?

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THE MEDIA STUDIES CENTER, 580 Madison Ave., 42nd fl., New York, NY 10022; (212) 317-6500. ▫ A center for the study of the media, offering publications, conferences, seminars and panel discussions of topical media issues of interest to the public and press.

THE PEW RESEARCH CENTER FOR THE PEOPLE & THE PRESS, 1875 Eye St., NW, Suite 1110, Washington, DC 20006; (202) 293-3126; Fax (202) 293-2569. ▫ An independent opinion survey and analysis group that studies attitudes toward the press, politics and public policy issues. (Previously known as the Times Mirror Center for The People and The Press, 1990–95.) Current survey results are available free of charge.

THE ROPER CENTER FOR PUBLIC OPINION RESEARCH, University of Connecticut, PO Box 440, Storrs, CT 06268-0440; (860) 486-4440; Fax (860) 486-6308. ▫ Strives to promote intelligent, responsible and imaginative use of public opinion in addressing the problems faced by Americans and citizens of other nations. Available resources include archives, public opinion polls and surveys.

WOMEN'S INSTITUTE FOR FREEDOM OF THE PRESS, 3306 Ross Place, NW, Washington, DC 20008; (202) 966-7783. ▫ A nonprofit, research, educational and networking organization founded to increase communication by women so all people have equal access to the public for their viewpoints. Publishes booklets on various related topics.

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Northeast Asia: strategic crossroads

From the troops stationed in South Korea and Japan to the cargo ships plowing the seas to markets in China to the immigrants who bring their entrepreneurial skills to America, U.S. stakes in Northeast Asia are great and growing.

by James Shinn

THE STRAINED RELATIONS *between China and Taiwan, which China regards as its "renegade province," grew even tenser last winter as Taiwanese voters prepared to elect a president. As China held military exercises in the Taiwan Strait in an effort to intimidate the islanders, the U.S. dispatched two aircraft-carrier groups to monitor the situation. It was a U.S. show of force unprecedented since the Vietnam War.*

As individuals and collectively as a nation, Americans have big stakes in Northeast Asia. The size of these stakes is frequently obscured by transatlantic cultural and linguistic ties. Yet the center of gravity for American foreign policy is shifting toward the Pacific: U.S. security and economic stakes in that region continue to expand.

Within the past 60 years the U.S. has been involved in three wars that began and were fought in the Pacific region: one victory, one frustrating draw and one humiliating loss. Within decades of the Japanese attack on Pearl Harbor in December 1941, despite the carnage of that conflict, another 104,000 young American soldiers went to their deaths in the Korean stalemate and the Vietnam debacle, leaving behind them deep and painful domestic division over the purposes of those two wars. Today, 81,000 American troops on bases and ships in Northeast Asia are securing an uneasy peace along Korea's tense demilitarized zone (DMZ), protecting Japan and patrolling the sea-lanes. They keep one wary eye on China's military buildup and the other eye on the once-mighty Russian navy—now rusting away at anchor but still armed with nuclear weapons and sophisticated aircraft.

As a result, every community and almost every family in the nation has been affected by America's extended military encounter with Northeast Asia. And every individual taxpayer has helped to pay for the Asian peace as part of the annual U.S. defense bill, currently $265.6 billion.

On the profit-making side of the ledger, Asia is America's most rapidly growing export market. U.S. trade with Asia is far greater than trade with Europe (36% of the total, compared with only 22%). This trend will continue to shift in Asia's favor, since Asia boasts the world's fastest-growing economies and could account for almost a third of gross world product by 2003. U.S. imports from Asia far exceed U.S. exports to the region, and almost all of America's global trade deficit is with Northeast Asia—approximately half with Japan and half with China.

Some American industries—aircraft, software and pharmaceuticals—have attained their global leadership on the basis of their market dominance in Asia. But other American industries, such as textiles, clothing and consumer electronics, have been devastated by imports from Asia, and some companies have downsized or disappeared altogether.

Few American jobs have remained untouched by Asian economic dynamism. U.S. workers supply products to Asia (U.S. jobs in the export sectors pay 15% more than average jobs), consume goods from Asia and compete with Asian workers. (See Topic 8 on "Globalization: Workplace Winners and Losers.") Efficient Asian firms in sectors from steel to automobiles have shocked U.S. firms into improving productivity and quality to meet the new world standards, often set in Seoul,

JAMES SHINN *is the author of* Weaving the Net: Conditional Engagement with China. *He served in the East Asian Bureau of the U.S. State Department and is the cofounder of Dialogic, a publicly held engineering firm. He is a Senior Fellow at the Council on Foreign Relations.*

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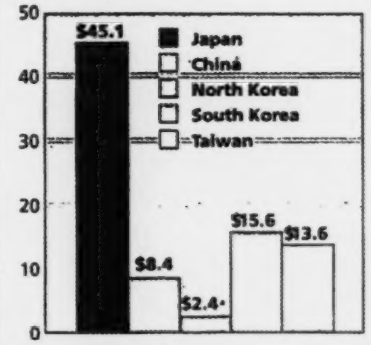
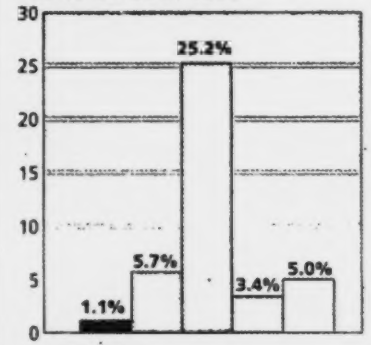
Defense Budgets, 1996 ($US billions)



Defense Spending as % of GDP, 1995



* Estimate
Source: The Military Balance, 1996/97

ROBERT MANSFIELD

JAPAN'S DEFENSE BUDGET *does not include a number of items generally considered defense costs. If Japan's space program, coast guard and veterans' pensions were included, Japan's defense spending in 1995 would have come to 1.6% of GDP. China's actual defense costs may also be higher. For example, China does not include military research and development in the defense budget.*

South Korea, Tokyo, Japan, or Taipei, Taiwan. Meanwhile labor-intensive imports from Asia have pushed down low-skilled wage rates in the U.S., widening the gap between rich and poor in the U.S.

Trade with Northeast Asia has helped erect glittering new factories in California's Silicon Valley at the same time that it has shuttered textile mills in the southern U.S. and gutted red brick factories in the old manufacturing centers of New England and the Midwest rust belt. This is the hard edge of economist Joseph A. Schumpeter's "creative destruction" in action, attracting new capital and capable workers to the winning sectors even as it casts the losers aside.

The shock wave of Asia's economic impact on American communities has been accompanied by a slower but stronger social wave. Asians, particularly Chinese and Koreans, are America's fastest-growing immigrant group, now 7 million strong. Once clustered together in New York, San Francisco and Los Angeles, Asian Americans now make their living in towns and cities across the nation. They have been startlingly successful in terms of income and educational achievement, rapidly creating a disproportional presence in universities and elite professions, on the basis of hard work and strong family values.

A darker side of traffic across the Pacific has been the insidious branching into North America of Asian criminal gangs—principally Chinese gangs, known as the triads, who prosper by smuggling in two thirds of America's heroin supply from the poppy fields of Southeast Asia and 100,000 illegal immigrants a year from impoverished rural China. Crime, drugs, illegal migrants—so-called transnational problems—all vitally affect the security of individual Americans. These problems are increasingly being viewed as American national security interests affected by Asian activities, radically different from traditional concerns about possible military threats.

Although America's involvement with Northeast Asia is great and growing rapidly, in many cases it is remarkably one-sided. This striking lack of symmetry magnifies the importance of clear strategic choices in U.S. foreign policy in the region.

In its traditional security relationship with Northeast Asia, the U.S. bears a disproportionate share of the defense burden. To its formal allies, Japan and South Korea, the U.S. extends both a conventional and a nuclear military umbrella that has preserved stability throughout the region. But this security relationship, critics feel, is largely a one-way street. None of America's Northeast Asian allies is obligated to reciprocate and defend the U.S.

Moreover, Japan spends roughly 1% of its gross domestic product (GDP) on defense, compared with about 4% for the U.S. In addition, the Japanese contribute $5 billion in "burden-sharing," that is, they pay some of the local costs of U.S. forces. This is a great bargain: it would cost Japan far more to provide equivalent defensive capabilities. South Korea contributes $330 million in burden-sharing.

In its commercial relationships, the U.S. market is largely open to imports from Northeast Asia, whereas most markets on the other side of the Pacific are still hedged with thickets of protectionism against imports. These barriers include high tariffs, exclusionary standards, discriminatory government procurement, investment red-tape and systematic government intervention in industrial policy.

Government intervention

Moreover, many Northeast Asian economies have forged ahead in heavy industrial and high-technology sectors—shipbuilding, automobiles, electronics, chemicals and semiconductors—due in part to major support from their governments. Including export subsidies, low-cost capital from state development banks, import protection and preferential taxation, these practices are collectively referred to as industrial-structure policy. These forms of state intervention were pioneered in Japan but have been emulated with variations in South Korea, Taiwan and most recently in China as well.

There is certainly no single model for Asian development, and economists argue that such industrial-structure policies may actually be a drag on economic growth. But the net effect has been to block many U.S. industrial and high-technology exports to Northeast Asia and to foster competitive Asian firms in these worldwide markets.

As a result, the U.S. economy has drawn in a river of labor-intensive imports from Asia, and a flood of high-technology products as well, including automobiles from South Korea and computers from Taiwan. But in the other direction, U.S. exports to Asia of high-technology products are often frustrated by industrial-structure policies in the region, and American exports of agricultural products encounter a maze of restrictive measures erected to protect Asian farmers.

In its social relationship with Asia, the U.S. remains a remarkably open society—multiracial, polyglot and tolerant by world standards—welcom-

ing Asian immigrants and students in the hundreds of thousands. Asian investors and businessmen can obtain U.S. commercial visas for themselves and their families with little trouble and, once resident in America, are generally treated with equality under the law. This is rarely true in the other direction.

How did this asymmetry in the cross-Pacific relationship come about, and why has it persisted for so long?

One reason was the cold war. Over the four decades of titanic struggle against the Soviet Union, U.S. officials accepted an unbalanced relationship with South Korea and Japan. Americans bore most of the defense burden and tolerated unequal market access as the price of keeping Japan, South Korea and Taiwan out of the Communist camp. A second reason is the end of the cold war, following which the U.S. has entered into a policy of economic engagement with authoritarian states like China, in the hope that trade and investment will transform them into liberal democracies. Yet the political relationship with China remains tense, and market access to that country is frustrated by residual controls from its "socialist market" economy, compounded by industrial-structure policy and protectionism. ■

U.S. search for a strategy

LOOKING AHEAD, what strategy should the U.S. pursue in Northeast Asia to maintain the stability of the former cold-war structure and still redress the balance of America's relations with the region? How can American decision-makers knit the sometimes conflicting interests in the three overlapping fields of security, commerce and political relations with Northeast Asia? A stream of practical decisions in all three fields confronts American policymakers on a daily basis:

- How should Northeast Asian security contingencies be factored into the Pentagon's quadrennial "bottom-up review" of the armed forces that will be conducted throughout 1997?
- How many troops and what sorts of equipment should be deployed in South Korea and in Japan? To what degree will South Korean and Japanese armed forces be integrated with U.S. forces, and with what sorts of command structures?
- How should the U.S. reduce its troop presence in Okinawa to assuage Japanese civilian objections?
- How will the U.S. conduct its trade negotiations with Northeast Asia? To what products and services will the U.S. give priority? What sort of incentives or sanctions can it threaten to use against Japan or China without causing irrevocable damage?
- How should the U.S. react to human-rights abuses in China—with critical language or with trade sanctions?
- How much belligerence and provocation should the U.S. accept from North Korea before terminating the 1994 framework agreement under which the U.S., Japan and South Korea are providing the North Koreans with two nuclear reactors in exchange for their suspending their own nuclear-weapons-development program?

The knotty challenge for American policymakers is to resolve all these diverse decisions within some overarching strategy that makes sense, rather than on an *ad hoc* basis in a strategic vacuum. This is one of the great diplomatic challenges of the decade, possibly of the century. What strategic path will preserve American interests in Northeast Asia while redressing the balance?

There are three broad alternative paths, with starkly different costs and risks, that present themselves as strategic choices for the U.S. government. These can be characterized as "engagement," "power balancing" and "East of Suez withdrawal."

Engagement strategy

Engagement is optimistic and messianic. America, as the sole surviving superpower, has a "window of opportunity" in the aftermath of the cold war to bring Northeast Asians together. This strategy rests on the hopeful assumption that a web of political, commercial and social transactions between nations can overcome the dangerous tendency of countries to resort to warfare to resolve their differences.

On the political front, engagement pushes for fundamental political change in Northeast Asia, a process referred to as "democratic enlargement" by President Bill Clinton's national security adviser, Anthony Lake. Briefly stated, since democracies do not fight each

NORTHEAST ASIA, *as the term is used in this topic, includes China, Japan, both Koreas and Russian Siberia. But drawing the line immediately touches on deep historical sensitivities. Isn't Taiwan part of China? How about Tibet? Is Mongolia truly an independent state? What of the Central Asian republics, formerly part of the Soviet Union? And there are other important ways to view the region besides territory: Japan has 60% of the regional wealth, China has 80% of the regional population, and Russia has almost all of the regional mineral resources.*

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Who Decides U.S. Policy?

"THE PROBLEM with foreign policy," complained former Secretary of State George Shultz, "is that everybody's an expert." A problem with U.S. foreign policy in Northeast Asia today is that everybody's a decisionmaker, too—and often pulling in a half-dozen different directions at the same time.

Asia policy was once the exclusive preserve of a handful of diplomats, military officers and think-tank intellectuals in New York and Washington. But no more. Today private businessmen, stock-market investors, reporters, mayors, governors, scientists and clergymen are making decisions that vitally affect relations between the U.S. and Asian nations in a host of trans-Pacific transactions that are conducted largely without reference to national authorities on either side.

Not only are these new actors formulating policies of their own, they are also claiming a voice in traditional foreign policy decisions made by the U.S. government. Sometimes they voice their views through traditional consultative channels, sometimes through citizens' groups, but also through targeted lobbying efforts and sophisticated media campaigns. As a result, the U.S. Congress has become increasingly assertive in its oversight and "second-guessing" of the executive in the conduct of foreign policy. It listens very carefully to these new actors, who speak loudly, knowledgeably and confidently, for they often have a great deal at stake in Northeast Asia and in America's foreign policy in the region. ■

other, the shortest road to a lasting peace in the region is to transform the remaining authoritarian nations in that area—China and North Korea—into liberal democracies. An engagement strategy seeks to enmesh China, and even North Korea, in a web of international organizations and trade agreements that will "make them behave" in exchange for the benefits of participating in the world community. Meanwhile engagement encourages the growth of multilateral institutions to mediate any security problems, thereby permitting the U.S. to set aside its policeman role and gradually withdraw its soldiers back across the Pacific.

On the economic front, engagement assumes that trade and investment are an excellent "transmission belt" of democracy. A rules-based international trading order will guarantee the expansion of trade and investment in Northeast Asia and between the U.S. and Northeast Asia. The Asia-Pacific Economic Cooperation (APEC) forum, a very loose organization of 18 Pacific states, including the U.S., Canada, Mexico and Chile, that addresses broad economic issues, should be encouraged to promote regional liberalization. And the World Trade Organization (WTO), the 1995 successor to the General Agreement on Tariffs and Trade (GATT), should be a forum for global liberalization. Time will grind down Northeast Asian protectionism and government control of trade—and foreign-exchange adjustment will do the rest. Meanwhile, on the political front, what Joseph S. Nye Jr., former assistant secretary of defense, refers to as "soft power"—America's radiating influence of the Internet, pop-culture and CNN—will persistently undermine Northeast Asia's lingering authoritarian governments and knit the region into a peaceable global village.

Power-balancing strategy

Power balancing, in contrast with engagement, is more pessimistic about relations between nations in Northeast Asia and is sometimes termed the "realist" school by academics. No supranational authority or multilateral institution can settle the rivalry between Japan, China, the two Koreas and Russia. These nations will inevitably struggle for dominion and survival.

Political, military and economic power are interchangeable levers in the competition between these nations, and, despite the allure of multilateral organizations as mediators of competition, the nation-state will remain the sovereign unit. Northeast Asia will succumb to the cruel calculus of an inevitable major-power collision between a resurgent China, an independent and assertive Japan, a unified Korea, a revived and nationalist Russia and, perhaps, the U.S.—a reluctant Pacific power.

Power balancing argues that the best way to avoid bloody conflict in Northeast Asia is for the U.S. to maintain a balance of power in the region. This is a school of thought that goes back centuries and was practiced most brilliantly in recent memory by Secretary of State Henry A. Kissinger. The U.S. has no permanent friends in Asia, only permanent interests. Its paramount interest is to forestall the emergence of a hostile preponderant nation in Asia.

For power balancing, economics is not a significant consideration except when growth of the economy provides the wherewithal for military power. Power balancing is deeply skeptical of "economic engagement," whereby trade and investment will gradually moderate authoritarian regimes like China or North Korea. This strategy also places limited faith in multilateral trade organizations to defuse trade problems.

Withdrawal strategy

East of Suez withdrawal, which academics sometimes dismiss as isolationism, takes its name from Britain's strategic withdrawal from Asia east of the Suez Canal—including the Persian Gulf nations, India, Pakistan, Malaya and Singapore—during the 1950s and 1960s. In those years, local political pressures for independence in Asia were complemented by domestic political pressures in Britain to withdraw its overextended military forces and to concentrate instead on rebuilding the British Isles, which were bankrupt from the defense burden of World War II, battered by social problems and falling behind in the competitive world economy.

British diplomats and businessmen continued to pursue their economic interests in Asia east of Suez, but strictly on commercial terms. And after an initial influx of Asian immigrants bearing Commonwealth passports, Britain clamped down on immigration from the region as well.

The American version of the East of Suez withdrawal policy argues that the U.S. military presence in Northeast Asia is overextended, expensive and dangerous. It argues that the U.S. is besieged by so many serious problems at home that scarce government resources

should be used to keep the peace in America's cities rather than abroad. Northeast Asian states will work out their own practical arrangements and compromises. They are fully aware of the costs of warfare, and they do not need an American "big brother" policeman to keep the peace.

In economics, the East of Suez withdrawal policy argues that U.S. firms can compete in Northeast Asian markets with a minimal degree of government assistance. Particularly egregious cases of Northeast Asian protectionism should be countered with denial of market access to the U.S.—"they need us more than we need them." But in general, Northeast Asian industrial-structure policies are inefficient and ultimately counterproductive; free competition and creative destruction will ensure American commercial competitiveness, at home and abroad in Northeast Asia.

On the other hand, the East of Suez withdrawal policy does place a very high priority on U.S. government intervention to solve transnational problems such as crime, drugs and illegal migration. In those cases where Northeast Asia is among the "sources" of a transnational problem, as is the case with China, the East of Suez strategy argues for an aggressive policy to protect this aspect of America's national security.

Pros and cons of engagement

Engagement has the cardinal virtue that if it works it could bring to an end centuries of bloodshed—including American blood—in Northeast Asia. It prescribes a strategy for dealing with China that does not presuppose conflict, a policy variously termed "constructive engagement" or "comprehensive engagement." The premise is that trade and investment will enmesh China in mutually reinforcing arrangements that make peace irresistibly lucrative and war prohibitively costly.

The strongest counterargument to the U.S. placing all of its strategic eggs in the engagement basket is the awful consequences of failure. A failed policy of constructive engagement with China and other authoritarian regimes in Northeast Asia could, over the years, simply provide these regimes with the economic resources needed to upgrade their military forces to the point where they could threaten the U.S. as well as their neighbors.

THE MORNING RUSH HOUR *in Kunming, capital of Yunnan province, is symbolic of China's dynamic, rapidly growing economy. China is a major market for American goods, and the U.S. is an even larger market for Chinese exports. U.S. trade with Northeast Asia as a whole is not only growing but exceeds trade with any other region of the world.*

Moreover, the engagement theory may declare nationalism an obsolete concept, but skeptics argue that nationalism is resurgent throughout the region. The Beijing government is consciously fanning the flames of Chinese nationalism as a substitute source of legitimacy for the Communist party, since Marxist-Leninist ideology is bankrupt. After centuries of invasion and humiliation by foreigners, appeals to Chinese nationalism fall on fertile ground.

Elsewhere in Northeast Asia, North Korean nationalism is a more reliable foundation for the ruling regime than the Soviet Stalinist-type hero worship of the ruling Kim dynasty. The South Koreans are no less patriotic than their northern cousins, with a burning memory of colonial humiliation at least as fierce as that of the Chinese. And a renewed sense of national pride (compounded by racial and cultural homogeneity) is now becoming politically correct in Japan again, as both war guilt and memory fade with the aging of the population.

ABBREVIATIONS

- **APEC:** Asia-Pacific Economic Cooperation
- **ARF:** Asean Regional Forum
- **ASEAN:** Association of Southeast Asian Nations
- **GATT:** General Agreement on Tariffs and Trade
- **WTO:** World Trade Organization

Asean Regional Forum

On the plus side, engagement proffers an attractive way to draw down gradually the U.S. military presence in Northeast Asia while replacing that presence with multilateral organizations to ensure the peace and forestall a regional arms race. The leading current forum is the Asean Regional Forum (ARF), a consultative security organization still in its infancy that was set up by the Association of Southeast Asian Nations. (Asean is a loose coalition of states that has recently enlarged to include Vietnam, is considering the application of Myanmar, formerly Burma, and has engaged a number of great powers, among them India, in a dialogue. The current members, in addition to Vietnam, are Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.)

The Asean Regional Forum has made little progress extending its scope to include problems of Northeast Asia. China has been adamant about keeping Taiwan out of the organization and the Taiwan issue off the agenda. Critics argue that the forum is a sterile "talk shop." Many Northeast Asian states are intensely nervous about the vacuum

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that would be created by a U.S. military withdrawal from the region. None of them believes that the Asean Regional Forum can plug that gap for the foreseeable future.

An engagement strategy makes Americans feel good because it appeals to their best and most generous instincts. Inveighing against dictators is also gratifying.

A downside to engagement is America's frequent temptation to impose trade sanctions on governments it dislikes for moral reasons. This reveals a gaping contradiction within the engagement strategy. On the one hand it depends upon trade and investment to moderate authoritarian Northeast Asian governments. On the other, it imposes trade sanctions that interfere with that trade and investment.

Not only are these two approaches incompatible, but they are also increasingly ineffective as American trade leverage declines. Over half of Asian trade is currently within the region. Access to the U.S. market is less important with each passing year.

Role for WTO and APEC?

Engagement's strategy of building multilateral institutions on the security front is paralleled by strengthening multilateral trade institutions, principally the World Trade Organization and the Asia-Pacific Economic Cooperation forum. Engagement assumes that a strong rules-based trading system will promote American exports by defusing Northeast Asian government-controlled practices. For example, engagement advocates claim that China will abandon its thicket of protectionist barriers as the price for entry into the WTO. Chinese bureaucrats will have to negotiate just like everyone else, because the WTO is a workaday forum of commercial nuts-and-bolts—you drop your tariff by 10% and I'll remove my discriminatory standard.

But skeptics of engagement counter that years of GATT and more recently WTO negotiations have done little to persuade Japan or South Korea to alter

Who Wins?

IN U.S. policy toward Northeast Asia, where you stand depends on where you sit.

■ **STATE DEPARTMENT DIPLOMATS** harbor a visceral skepticism of the engagement strategy. They are good students of history, and history is littered with the bones of engagements. Diplomats find the calculus of balance of power appealing. They understand the rules. Most have read George F. Kennan and Henry Kissinger, the apostles of sophisticated balance-of-power diplomacy, with care and attention. In any case, diplomats are more important in a power-balancing world, although an entire generation of Foreign Service Officers was deeply scarred by the Vietnam War. As for an East of Suez withdrawal policy, most diplomats consider it to be shortsighted and dangerous, a sort of isolationism-light. It renders their traditional diplomatic skills less important.

■ **PROFESSIONAL MILITARY OFFICERS** in the Pentagon are skeptical of aspects of all three strategies. They consider engagement's faith in multilateral organizations to be misplaced and naive. The fine-tuned use of military force in the pursuit of limited political objectives that is implied by power balancing also runs counter to the so-called Weinberger Doctrine, which demands clear military objectives, the overwhelming use of force and the full support of the public before committing American forces to an overseas engagement. Few officers are attracted by the East of Suez withdrawal policy either, because of the inherent risks of a "surge" response. Moreover, East of Suez would cut military budgets.

■ **BUSINESSMEN** find the engagement policy attractive: they like a strategy that says that by making money in Asia, businessmen are working to eliminate political conflict and bloodshed. They are less attracted to the power-balancing strategy, which makes long-term market planning unpredictable. As for the East of Suez strategy, American exporters and investors in Northeast Asia are distressed by the prospect of instability following an American military withdrawal. American manufacturers whose products compete with imports from Northeast Asia, and those whose products are currently excluded from Northeast Asian markets, might well appreciate the tough-minded strategy of market reciprocity.

■ **LABOR UNIONS** in the U.S. are opposed to the engagement strategy. They agree that increased democratization might extend the right of labor association throughout Asia, but they also believe that labor loses in the globalization of business. They point to the argument that the mobility of capital and technology certainly bids down wages in the U.S., thereby undercutting organized labor. In a power-balancing world, the U.S. government would stand by and watch Northeast Asian dictators crush their homegrown labor activists. Only the East of Suez withdrawal strategy holds out any hope for strengthening labor unions in the long run.

■ **ETHNIC COMMUNITIES** of Asian Americans find the engagement policy an attractive proposition: convergence makes traffic across the Pacific air bridge much easier. Many Asian Americans argue that traditional American values of hard work, study and family are compatible with traditional Asian values. The power-balancing strategy is less attractive and could complicate life for various Asian communities as relations with the U.S. wax and wane as a function of great-power calculus. An East of Suez withdrawal strategy is far less attractive, as it would slam shut the door on immigration and possibly fan racism and latent hostility toward visibly successful Asian American communities in the U.S.

■ **RELIGIOUS GROUPS** are attracted by the engagement strategy because it holds out the promise of peace and redemption—whether by the grace of God or the subtle workings of multilateral institutions. An important corollary of engagement is the spread of freedom of worship in Northeast Asia, as well as a more prominent role in general for religious NGOs. In contrast, power balancing is pessimistic, dangerous and essentially amoral in their view. And the biggest defect of the East of Suez withdrawal policy is the abandonment of coreligionist communities in Northeast Asia to the tender mercies of their host governments—which may be sweetly tolerant or violently repressive of religious activities in their midst. ■

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KIM JONG IL, *North Korea's reclusive leader, made a rare public appearance on July 8, 1996, the second anniversary of the death of his father, Kim Il Sung. He has yet to inherit his father's titles, including president.*

their trade practices. Every nation in Northeast Asia continues to practice industrial-structure policy, and the fundamental notion that the government can shape national competitiveness remains deeply popular among leaders in the region.

The engagement strategy relies on a multilateral approach to resolving the problems of illegal migration, crime, drugs and pollution. Because these problems cut across so many national boundaries, bilateral solutions are doomed to failure. Moreover, these problems present the opportunity for countries to engage in cooperative solutions. Crime, migration, drugs and pollution are problems requiring good governance. Success in tackling the transnational problems will breed mutual trust and create a framework for practical cooperation between authoritarian Northeast Asian nations that will accelerate their peaceful integration into engagement.

But again, engagement skeptics counter that Northeast Asia has no regional multilateral organizations to deal with these problems. Moreover, multilateral organizations are slow-moving institutions. The Asia-Pacific Economic Cooperation forum has no track record of tackling these problems successfully. The United Nations is fairly skilled at hosting big conferences on transnational problems, but such UN meetings produce little beyond hand-wringing.

A role for soft power?

Undaunted by slow progress in the multilateral arena, engagement proponents point to the pervasive influence of Western soft power throughout Northeast Asia. Soft power, they say, puts pressure on governments to tackle collaboratively transnational problems by making social ills painfully visible through the mass media and by "empowering" nongovernmental organizations (NGOs), usually nonbusiness, not-for-profit institutions like churches, environmental lobbies, development agencies and emergency relief organizations, to press governments for cooperative solutions.

Critics charge that soft power alienates rather than engages governments. They view it as an insidious aspect of Western cultural imperialism, leading to personal irresponsibility, moral decay and then to graffiti, drug abuse and crime, thereby undermining traditional "Asian values." Asian values of communalism, of personal responsibility and of respect for authority are necessary bulwarks to Western soft power. Asian values are regularly invoked by autocrats in China—if only to justify their autocracy—but these values have a good deal of resonance with both leaders and populace elsewhere in Northeast Asia.

Pros and cons of power balancing

Power balancing has the practical virtue of flexibility in the pursuit of a modest goal. The goal is not to make Asia safe for democracy. The goal is to make Asia safe for America, by blocking the emergence of a hostile power in the region. Power balancing welcomes the internal political transformation of Asian authoritarian regimes into democratic ones, but does not count on it. Rather, power balancing worries about the external behavior of states. The U.S. is no longer in the business of changing regimes, converting Asians to democracy, nor even standing on the moral high ground.

Power balancing is sanguine about China's emergence as a regional force, as long as the fundamental power balance is maintained. By the same token, a unified and independent Korea fits quite well into the balancing model, as does a rearmed and more independent Japan.

Power balancing retains an American military presence in Northeast Asia, but with a strong emphasis on mobile air and sea forces. Rather than commit to maintaining a given level of troops in Japan or South Korea, U.S. military forces in the region would ebb and flow, depending upon potential threats and shifting alliances.

Flexibility does have its drawbacks, however. It is difficult operationally for the U.S. government to conduct the nuanced foreign policy in Northeast Asia that power balancing requires. The public, the Congress and the media are reflexively suspicious of backroom deals cut in secret by diplomats. Equally distasteful is the fact that a balance-of-power strategy requires the will to commit troops and sustain casualties in the pursuit of limited political objectives in smaller conflicts, often with no clear winner or loser. Limited political wars are not popular with the U.S. public, nor with the Pentagon.

Most objectionable of all—at least to idealists—is that power balancing requires making common cause with unattractive allies from time to time. The U.S. government has had some experience in this line of work in Asia—ranging from support for South Vietnam's President Ngo Dinh Diem to Philippine President Ferdinand E. Marcos to South Korea's President Park

KIM YOUNG SAM, *South Korea's president, commemorates the 50th anniversary of the UN, which had defended his country against the North's aggression in 1950.*

Chung Hee—but it makes bad press and makes American citizens and politicians squirm.

Power balancing suggests that the current defense treaties with South Korea and Japan should be renegotiated to accommodate the realities of the post-cold-war world and to reflect more equitable financial burden-sharing, as well as a greater shared responsibility for military roles. In a power-balancing world, the U.S. would maintain and strengthen its alliance with Japan and maintain some military links to a unified Korea in order to guarantee the latter's independence between the Chinese and Japanese giants. Balance of power is the Koreans' prescription for their long-term survival in the shadow of their much bigger neighbors and historical aggressors.

Contain China?

The greatest downside to power balancing is that it could deteriorate into neocontainment of China. Many influential Chinese leaders already claim to see a pattern of encirclement and neocontainment emerging from America's military presence in South Korea, reaffirmation of the U.S.-Japan alliance, support of Taiwan, normalization of relations with Vietnam and rapprochement with Russia. This is power balancing's risk of creating a self-fulfilling prophecy on China.

Another risk of power balancing is a destabilizing arms race in Northeast Asia. Even if adroit handling by the U.S. were to accommodate successfully China's emergence as a regional power, South Korea and Japan could respond by accelerating their own defense spending.

Not only would these defense expenditures be a huge drag on economic growth in Northeast Asia, but, given deep historical grievances and the basic lack of trust that characterize relations between these three states—not to mention Russia—a vicious cycle of arms and armaments could result. And in the longer run, four heavily armed Northeast Asian powers could not only threaten each other, they could threaten the U.S. as well.

Power balancing is less starry-eyed about the moderating effects of international trade and investment. In this strategic view, economic growth is not always positive: it can alter the balance of power in dangerous ways, by providing the basis for military strength and a medium for exercising political influence. For this reason, balancing can lead to a narrow state-centered trade policy. This bodes ill for a liberal trading order in Northeast Asia and, by extension, for the rest of the Pacific.

In a power-balancing world, the U.S. government would put less effort into making the World Trade Organization go forward, or encouraging the Asia-Pacific Economic Cooperation forum to take concrete liberalization steps, and instead focus more on striking bilateral trade deals that benefit U.S. exports and U.S. workers. The U.S. government would also scrutinize transfers of technology much more closely than today, and it would be suspicious of the loyalties of "foreign" corporations (although there is a great debate over the meaning of "nationality" among multinational corporations).

Commerce is not the only objective that takes a backseat to politics in the power-balancing world; so do transnational problems. For example, a power-balancing U.S. might cease criticizing the Chinese on human rights when it is inconvenient to do so, or, by the same token, be reluctant to sanction allies over environmental issues—for example, slaughtering whales. If solutions to transnational problems can only be mounted on a multilateral basis, then the prognosis in a power-balancing world is grim indeed. Multilateral institutions are fragile structures amidst the grinding collision of contending great powers in Northeast Asia.

Pros and cons of withdrawal

A new East of Suez pullback is attractive to Americans in the 1990s for the same reasons that the East of Suez withdrawal was attractive to the British in the 1950s. Why should young Americans risk their lives to protect young Northeast Asians, when young Northeast Asians are spending their energies competing with young Americans in the commercial realm?

An East of Suez withdrawal is attractive to budgetmakers because it is far cheaper than the alternative strategies. American defense expenditures on behalf of Asia would plunge, and if the U.S. had to make a show of force in Northeast Asia, it would send troops and equipment stationed in Hawaii or the continental U.S. Remote power projection is part of the Pentagon's so-called revolution in military affairs, which relies on advanced technology and high mobility to project power effectively at long range. Returning U.S. forces to domestic bases is also politically attractive in an era of continual military base closings and consolidations.

DENG XIAOPING, *93, China's frail and ailing nominal leader.*

The biggest risk of an East of Suez withdrawal is the potential rivalry between China and Japan that could emerge in a security vacuum. The Chinese are already increasingly assertive on the security front, Japan has one of the largest military budgets in the world, and the removal of U.S. forces from bases in Japan would remove the "cork in the bottle." It is difficult to imagine that such a rivalry over the long term would not ultimately threaten vital American interests at some point and drag the U.S. back into hostilities on one side or the other. This would result in a "surge" military response by the U.S., moving vast quantities of American troops and equipment across oceans. A surge is time-

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consuming, risky and extraordinarily expensive.

Moreover, many critics suggest that a revolution in military affairs is more jargon than fact, a Pentagon fad that has yet to be proven in battle. The Persian Gulf war was not an example of the revolution, they argue, because it was fought largely with decades-old equipment and tactics. Building a security structure in Asia based on such an unproved model is extremely risky.

As for savings in bringing home the troops, it may not in fact be cheaper. Without the $5.3 billion in annual burden-sharing from South Korea and Japan, not to mention the billions in existing infrastructure investment, the Pentagon would have to either demobilize these troops or spend more money to deploy them in the U.S.—hardly a saving.

Still, removing American troops from South Korea and Japan, it is argued, will ease an extremely sore point in America's relations with both allies. Proponents of an East of Suez withdrawal argue that the U.S. is currently stuck in increasingly negative relationships with its Northeast Asian allies. The noise, crime and general disruption of hosting American military forces cause friction with Japanese and Korean citizens. Opponents of the American presence demonstrate vociferously, as has occurred in Okinawa. This is interpreted as ingratitude by the Americans, who question the basis of the alliance. This downward spiral of relations will poison America's ties to its Northeast Asian allies and create a reservoir of ill will that is far more dangerous than a distant limited military engagement.

Selective protectionism

On the trade front, East of Suez withdrawal does not argue for economic self-sufficiency, but rather for reasonable protection of U.S. commercial interests in relations with Northeast Asian nations. The strategy is noncommittal on the merits of a rules-based trading system. On balance, the World Trade Organization and even the Asia-Pacific Economic Cooperation forum are desirable, but the East of Suez withdrawal policy resists making American concessions or expending political capital to advance the rules-based system. If the Northeast Asian countries wish to benefit from such a system, let them carry the weight of maintaining the liberal trading order, rather than counting on a free ride, say the East of Suez withdrawal advocates.

RYUTARO HASHIMOTO, *59, prime minister of Japan. Before his election in January 1996, Hashimoto had made his political mark as a tough negotiator in the automobile trade dispute with the U.S.*

For example, according to promoters of this policy, Japan has been the greatest beneficiary of the liberal trading order over the past decades. Yet the Japanese government has invested little in maintaining the system; instead it has aggressively pursued narrow commercial advantage. Indeed, withdrawal proponents claim that the notion of a liberal trading order is something of a sham, that the rules are disregarded, in fact, if not in principle, by trading states like Japan, South Korea and now China. On the contrary, this policy makes a case for strict reciprocity in market access and for selective protection of American industries and workers who are imperiled by unfair Asian competitors.

The counter to this commercial argument for an East of Suez policy is that the U.S. has also benefited enormously from the liberal trading order. Moreover, economists will argue that America's balance-of-payments deficits with Northeast Asia are due more to savings and investment imbalance than to market barriers. America would be foolish to discard the rules-based trading system that has taken decades of effort to construct. The demand for reciprocity is no more than a smokescreen for protectionism that may well shield some American firms and some American workers from import competition, but at great costs in efficiency and market distortion.

A more subtle corollary argument is that the concept of nationality of firms is meaningless, a view that many people would challenge. On this point, East of Suez withdrawal proponents share the power-balancing skepticism about multinational corporations. How can the government protect the interests of "American" firms in Northeast Asia that are manufacturing computers in Taiwan for import back to the U.S., while "Japanese" firms like Honda are manufacturing vehicles in the U.S. and exporting them to Japan?

A question of priorities

The East of Suez withdrawal policy provides clear direction on the priority of resolving transnational problems. Putting the American domestic house in order is priority No.1. The elimination of Asian sources of drugs, crime and illegal migrants should be a paramount objective of America's foreign policy in the region. If this means sharing intelligence with Chinese security forces to intercept smugglers, so be it. The first responsibility of the U.S. government is the security of its citizens, at home and abroad, and many American citizens today are besieged by drug-related crime and up in arms over illegal immigration, according to this line of reasoning.

The counter to the East of Suez withdrawal priority on solving transnational problems is the somewhat discomfiting reminder that these solutions are a two-way street. Asian gangs export drugs to the U.S. because American addicts demand those drugs. Asian gangs smuggle illegal migrants into the U.S. because American firms are ready and willing to employ them. Interdiction alone is not a promising solution; supply suppression must be combined with demand suppression to solve transnational problems.

Moreover, there are many sources for drugs, crime and illegal migrants besides Asia. It makes no sense to tackle the transnational problems as part of an East of Suez withdrawal strategy unless this strategy is adopted as part of America's global foreign policy. ■

Opinion Ballot on page 87

DISCUSSION QUESTIONS

1. Would it be prudent for the U.S. to cooperate with authoritarian governments like China to help stem the flow of illicit drugs and illegal migrants to America's shores? Or should the U.S. keep these regimes at arm's length and rely on tougher border controls and domestic law enforcement?

2. Should the U.S. use its alliances with South Korea and Japan to contain a potentially belligerent China? Or should the U.S. accommodate China as an emerging regional power and downplay the South Korean and Japanese alliances? Or should the U.S. simply withdraw its military presence in Northeast Asia altogether?

3. Who should pay for the U.S. troops stationed in Northeast Asia to maintain stability—the American taxpayer or the Asian allies? What is a fair split of "burden-sharing"? Can the U.S. use its security presence in the region to obtain trade or investment concessions in Northeast Asia?

4. Should the U.S. push for across-the-board trade liberalization in the economies of Northeast Asia, or should it accept the reality of government intervention and merely insist on reciprocity of market access?

5. How much faith should the U.S. place in multilateral organizations like the World Trade Organization to resolve trade disputes with Northeast Asian partners? Should it focus instead on bilateral negotiations? Or should it downplay trade negotiations and rely on such long-term forces as exchange rates?

6. Are so-called Asian values in conflict or consistent with traditional American values? Are the virtues of hard work, personal responsibility, family solidarity and respect for authority at the root of Northeast Asia's remarkable economic dynamism? Or is the Asian values debate a self-serving argument by Asian autocrats to justify their monopoly of political power?

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Russia and the U.S.: growing cooperation?

Can Russia and the U.S. work together to build a new security arrangement in Eurasia? What can the U.S. do to promote democracy and market reforms in Russia?

by Ted Hopf

THE MOST AWAITED EVENT *in Russia in 1996—both within that country and abroad—was the first round of presidential elections in June. Many in the West feared a defeat for Boris Yeltsin and victory for the former Communist functionary Gennady Zyuganov. Yeltsin defeated Zyuganov and the other contenders by a narrow margin, but in the July runoff he chalked up a 15-point lead. Above, a polling station employee helps an 86-year-old disabled woman in the village of Bilovo cast her ballot.*

IT IS HARD for Americans to remember any relationship with Russia other than the cold war with the Soviet Union. Those 45 years of hostility were marked by long periods of tension, punctuated only by crises threatening direct conflict or by short periods of relaxation, when it seemed as if the two superpowers might find some way to coexist. There were three main "theaters" for the cold war: the U.S.-Soviet nuclear arms race; Europe; and the developing countries of the Third World. The nuclear arms race continued largely unabated until Soviet President Mikhail S. Gorbachev and President George Bush signed the first Strategic Arms Reduction Treaty (Start I) in 1991. Between them, the two countries had spent over $8.95 trillion on the military competition. Despite the arms race and nuclear crises over Cuba in 1962 and the Middle East in 1973, no large-scale armed conflict erupted between the two great powers in these areas.

The cold war was equally pacific in Europe. Despite the absence of peace agreements and treaties recognizing postwar boundaries until 1975 when the Helsinki Final Act* was signed, the U.S. and the Soviet Union more or less accepted each side's sphere of interest in Europe. With the exception of the Berlin crises of 1948–49 and 1958–61, there was little threat of armed attack by either alliance. The Third World was not so fortunate: this was the theater in which the cold war played itself out. The U.S. and Soviet Union fought immense wars by proxy. They supported opposing sides in Korea, Vietnam, Angola and Afghanistan, and in innumerable smaller wars in Mozambique, Namibia, El Salvador, Nicaragua and the Middle East.

Relations since 1991

It is still difficult for many to believe that the cold war is finally over. It is equally hard to believe that the Soviet Union is no more and that Russia is widely regarded in the U.S., and the West in general, as more an ally than an adversary. In fact, recent public opinion polls have shown that many more Americans consider Japan to be a greater potential threat to U.S. security than Russia.

On a wide range of important issues, the U.S. and Russia share common positions. This is no accident. Russian leaders since Gorbachev have shown a remarkable level of restraint, given the turbulent events on their borders and within them. The West, including the U.S., has shown an equally high level of restraint in not taking advantage of this disorder and, instead, reassuring Russia that the West will not betray its interests in this time of turmoil.

There are three critical issues in the U.S.-Russian relationship that may portend a turn toward less hopeful times. But there are also many areas of agreement. Concerning arms control measures, both the Clinton Administration and the Yeltsin government support ratification of the Start II* treaty, signed

*See glossary on page 28.

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in January 1993, that will reduce the number of strategic nuclear warheads to 3,500 for the U.S. and 3,000 for Russia, a reduction of about 60% beyond the Start I treaty. Under the latest treaty, all missiles with multiple independently targetable warheads will be eliminated, including all Russian land-based intercontinental ballistic missiles (ICBMs), which have long been considered by some U.S. strategists to be the most threatening elements of the Soviet and Russian nuclear arsenals.

Russia and the U.S. both support the Comprehensive Test Ban Treaty* of 1996, continued observance of controls on biological and chemical weapons production, and adherence to the Missile Technology Control Regime.* The latter has received special attention recently as fears have grown about the sale of Chinese ballistic-missile technology to North Korea, Iran and Pakistan. The concern is that these missiles could be used to deliver chemical or, in the case of Pakistan, even nuclear warheads and could be targeted on American allies such as Japan, South Korea and Israel.

Fear of the spread of this technology has led some Americans, most notably Republican presidential challenger and former Senate majority leader Bob Dole, of Kansas, to advocate the development of an antimissile defense system for the U.S. Most Democrats, including President Bill Clinton, remain opposed to the development and deployment of such a system because it would violate the Antiballistic Missile (ABM) Treaty of 1971, which sets limits on ABMs, and they believe that Russian and U.S. adherence to the treaty is a more important goal. The Clinton Administration does support limited research funding, however.

Perhaps one of the most dramatic changes since the cold war has been in Russia's attitude toward regional conflicts around the world. During the cold war, the U.S. and Russia were on different sides of most of them. Under Gorbachev, however, the Soviet Union and the U.S. began to collaborate on the resolution of the wars in Nicaragua, Cambodia, Angola and Afghanistan. Today, Russia and the U.S. have no clear differences on any regional issue, with the partial exception of Iraq. Russia and, to be fair, several U.S. allies in the North Atlantic Treaty Organization (NATO),* including France and Spain, opposed Washington's unilateral use of military force against Iraqi President Saddam Hussein's regime in September 1996 (see Topic 7). Russia's mild protests, however, did not affect official Russian support for U.S. peacemaking efforts in the Middle East and on the Korean peninsula.

The U.S. and Russia are also in broad agreement about the nature of Russia's relations with the 14 previous republics of the Soviet Union. The U.S. and Europe agree that Russia's relations should be peaceful, free and in accordance with international law. This means that economic ties and the normal flow of peoples should be encouraged. Importantly, from Moscow's perspective, both Washington and the European Union* agree that the civil and political rights of the 25 million Russians who still live in the 14 former republics should be respected. This balanced approach of the West has been matched by restraint on the part of Moscow. When the Yeltsin government or the Russian parliament (the Duma) felt that the rights of Russians

GLOSSARY

- **COMPREHENSIVE TEST BAN TREATY (CTBT):** Approved in September 1996 by the UN General Assembly and signed by the U.S., the nuclear test ban will come into force when the 44 nuclear-reactor nations have signed it.
- **COUNCIL OF EUROPE:** Established in 1949, this 36-member body is dedicated to promoting European unity and protecting human rights. It is based in Strasbourg, France.
- **EUROPEAN UNION (EU):** The accepted designation as of Nov. 1, 1993, of the grouping previously known as the European Communities (EC). Its 15 West European members form an integrated market and trading bloc. Its goals include a single European currency.
- **HELSINKI FINAL ACT:** Signed in 1975 by 35 nations, the agreement symbolized détente. It confirmed post-World War II boundaries in Europe and called for the freer movement of people and ideas between East and West.
- **INTERNATIONAL MONETARY FUND (IMF):** A UN Specialized Agency, it assists members in meeting short-term balance-of-payments difficulties by permitting them to draw temporarily on the IMF's reserves.
- **MISSILE TECHNOLOGY CONTROL REGIME:** A 1987 international pact banning the export of certain missile technology.
- **NORTH ATLANTIC TREATY ORGANIZATION (NATO):** A defense alliance created in 1949 pursuant to the North Atlantic Treaty; its membership includes 14 West European nations, plus the U.S. and Canada.
- **ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE (OSCE):** Created in 1973 as a forum for the discussion of East-West issues, it established a dialogue between NATO and the Warsaw Pact and formalized the post-World War II status quo in Europe.
- **PARTNERSHIP FOR PEACE (PFP):** A program established in 1994 under NATO auspices, which links 44 countries in efforts to expand and intensify political and military cooperation.
- **START II—TREATY ON FURTHER REDUCTION AND LIMITATION OF STRATEGIC OFFENSIVE ARMS:** Signed by the U.S. and Russia in 1993 but not ratified, it reduces the arsenals of strategic nuclear weapons of both countries by more than two thirds and will eliminiate the most destabilizing of these weapons.
- **TREATY ON CONVENTIONAL FORCES IN EUROPE (CFE):** This 1990 agreement set limits on nonnuclear weapons deployment by NATO and the former Warsaw Pact countries in the region from the Atlantic to the Ural Mountains. (The accord did not cover troop levels.)
- **WARSAW PACT:** Created by the Soviet Union as an answer to NATO and the rearmament of West Germany, it consisted of the U.S.S.R. and its East European neighbors. It was abolished in July 1991.
- **WORLD BANK (INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OR IBRD):** A UN Specialized Agency that offers loans at reasonable terms to member developing countries willing to engage in projects that will increase their productive capacities and reduce poverty.

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abroad were being abused, as in the case of citizenship and language laws in Estonia and Latvia, they turned to the Organization for Security and Cooperation in Europe* and the Council of Europe* for help in sorting matters out. The result has been a remarkably amicable and bloodless dissolution of the Soviet Empire, not an outcome that was predicted by many. ■

Problems in the relationship

THERE ARE TWO broad problems and one clear dispute that mark the current U.S.-Russian relationship. The broad issues concern U.S. and Western attitudes toward political developments and economic reforms in Russia. The clear dispute is whether to expand NATO beyond its current 16 members.

Democratization and its discontents

The most awaited event in Russia in 1996, both within that country and abroad, was the first round of presidential elections in June. Many in the West feared that Yeltsin might be removed by an electorate stunned by the costs of change: higher prices, uncertain employment, rampant crime and corruption. Worse, it was feared that he would be replaced by Gennady Zyuganov, who became a Communist functionary in the mid-1960s.

These fears were not allayed by the results of the first round of presidential voting. Yeltsin barely edged out Zyuganov for first place, 34% to 31%. Aleksandr Lebed, the veteran of the 10-year Soviet war in Afghanistan, which ended with the Soviet withdrawal in 1989, and former commanding general of the Russian 14th Army in Moldova, polled a surprising 15%. Bringing up the rear were the two extremes: the ultra-reformer, Grigory Yavlinsky, and the ultra-ultra, Vladimir Zhirinovsky. Each received about 5% of the vote.

But what did these results mean? More precisely, what did Russians express when they marked a ballot for one of these men? What did these preferences, and the ultimate Yeltsin victory over Zyuganov on July 3, indicate about the prospects for democracy in Russia?

One way of thinking about this question is to position the five candidates according to their positions on the three critical themes of the campaign: economic reform, personal security and foreign policy. On economic reform, the presidential contenders came out in the following order, from most supportive of market reform to least supportive: Yavlinsky, Yeltsin, Lebed, Zyuganov and Zhirinovsky. On the issue of crime and corruption, the candidates, ranked from strongest opponent to least active: Zhirinovsky, Zyuganov, Lebed, Yeltsin and Yavlinsky. On foreign policy issues, there was little difference among the candidates. For example, all opposed NATO expansion. On Chechnya, the candidates reflected the tortured state of Russian public opinion. (Chechnya, which had become an autonomous region of Russia in 1922, declared its independence in 1991 and was invaded by Russian troops in 1994.) What the overwhelming majority of Russians wanted in July 1996 was an end to the war in Chechnya and its reintegration into the Russian Federation. The lone dissenter was Lebed, who once proclaimed he would let Chechnya go.

The parallels here should be familiar to Americans acquainted with the Vietnam War. Almost all Americans preferred a U.S. withdrawal, to be followed

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BORIS N. YELTSIN, *66, former Communist party chief in Moscow, was ousted from the Politburo in 1988 after criticizing Mikhail Gorbachev for the slow pace of economic reforms. In 1990 he was swept back into power as the de facto president of the Russian Federation. The following year he was the first democratically elected president of Russia. In December 1991 Gorbachev resigned and the Soviet Union dissolved. Although Yeltsin won reelection in July 1996, the close race sent a clear message: the Russian people were no longer comfortable with radical reform and they wanted a better safety net. Declining popularity is not Yeltsin's only challenge; he is also battling heart disease.*

by an independent South and North Vietnam working out their differences. But that option, as in Chechnya, was not available. Like the withdrawal from South Vietnam, a withdrawal from Chechnya will result in a political outcome not at all to the liking of the public or foreign-policy elite. Even Lebed's agreement with the rebels—a cease-fire, Russian withdrawal and a five-year waiting period before Chechens decide on independence—bears a striking resemblance to President Richard M. Nixon's "decent interval" agreement with the North Vietnamese. Moreover, it is not clear whether Lebed's ouster from Yeltsin's administration in October 1996 will reveal that the agreement reached with the Chechen rebels is more of an accord between Lebed and the rebels than between the Russian government in Moscow and the Chechen fighters.

Yeltsin won the July 3 election by a margin of 15 points. Many in the West took this as a vindication of democracy and market reforms: he had beaten back the challenge of communism, embodied by Zyuganov. But such an inference would require that Russians, when they voted for Yeltsin, in fact were voting for democracy and continued economic reform. An alternative interpretation would be that votes for Yeltsin were votes against returning to the past but not an endorsement for pushing reform much farther. Indeed, the election between Yeltsin and Zyuganov was fought over who could do most to lighten the burden of social and economic change in Russia: Communists with a return to the past, or Yeltsin with promises of a richer safety net and a lighter foot on the accelerator.

Russian generations are split over their country's historic transformation. The oldest generation, the pensioners, are most terrified of the present and future and most nostalgic for the Communist past. Zyuganov won heavily among these voters. The middle-aged are anxious about the present and future but disgusted with the past. They are also guardedly optimistic about the improved fate of their children. They are typical swing voters. Finally, the young are the chief bulwark of Yeltsin and reform; they are genuinely excited, if a little apprehensive, about the seemingly boundless opportunities opening for those who work hard and forge the right connections.

GENNADY ZYUGANOV, *53, addresses business leaders in Chelyabinsk, Russia. Zyuganov led the Communists to a sweeping victory in the 1995 Russian parliamentary elections, sending shock waves throughout Russia and the West. The runner-up in the 1996 presidential election, Zyuganov appealed to voters nostalgic for a return to the Communist past. He won heavily among the oldest generation, the pensioners.*

ALEKSANDR LEBED, *47, is a veteran of the 10-year Soviet war in Afghanistan and former commanding general of the Russian army in Moldova. Elected to parliament in 1995, he finished third in the first round of the 1996 presidential election. He dropped out when Yeltsin appointed him national security adviser. Soon after he negotiated a peace agreement with the Chechen separatists, Lebed was accused of plotting a coup and was fired in October 1996.*

Yeltsin's second-term challenges

As Yeltsin begins his second term, he faces several critical problems. The first is to choose the right pace and kind of economic reform. He needs to avoid the harshest costs of full-scale liberalization without backsliding toward more state control of the economy. The International Monetary Fund (IMF),* which monitors Russian economic policy and assures compliance with the terms of loans it has made to Russia, looks closely over his shoulder to ensure against the latter. The Russian people respond with public outcries, strikes and demonstrations to make him aware of the high price many are paying for economic reforms.

His second critical problem is to deal with the unprecedented level of crime and corruption in Russia today, especially in urban areas. It is this last issue,

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rather than any desire to return to the "good old days" of Stalinism and communism, that accounts for public support for such figures as Zhirinovsky and Zyuganov and, to some extent, Lebed. The underpaid police are being privatized by the newly rich and their associated mafias. (In Russia, mafia refers to any person or group that operates outside the law.) Almost any restaurant in Moscow or St. Petersburg has an armed militiaman sitting out front. Big bankers have a squadron of special forces commandos with automatic weapons. Murders and shoot-outs are regular events. It is impossible to make any kind of commercial deal in Russia without paying off one or more state officials. This lack of public morality angers average Russians and drastically raises the cost of economic reform to would-be participants, both foreign and domestic.

Yeltsin's third problem is embodied in the bloody war in Chechnya. At first glance, one might think that this is a unique dispute between the central government in Moscow and the Chechen rebels. While the bloodiness of the dispute is unique, regrettably its underlying causes are not. Russia finds itself today in a position somewhat similar to the American colonists more than 200 years ago. While Russia comprises 89 territories, and the U.S. had only 13, the issues are familiar ones. How much power goes to the center? How much remains with the local governments? On what issues does the center hold sway, and which issues are best left to the states?

When the Soviet Union collapsed in 1991, it was presumed, both in the West and in Moscow, that Russia would retain control over all traditionally Russian territory. But matters have not turned out so simply. Some of the republics that constitute Russia found themselves in control of vast exportable riches: oil, natural gas, diamonds and gold. The key word here is exportable. Exports earn desperately needed foreign exchange. The question quickly became for the Sakha Republic (formerly Yakutia), why it should extract this natural gas and not receive what the West is willing to pay for it? Moscow, of course, saw matters differently. Sakha gas is a *national* resource, the benefits of which are to be enjoyed by all Russia.

So far, Yeltsin's government has negotiated dozens of ad hoc arrangements with different republics in Russia aimed at establishing economic relationships with them. But these arrangements are personal ones; they were not submitted for parliamentary approval, in most cases, in Russia or the other republic in question. The relationship between the center and the republics is likely to be a source of continual conflict for years to come, but hopefully will not attain Chechen-like proportions.

Economic liberalization

Most Westerners take the view that the faster and more comprehensively Russia moves away from the state-centered command economy of Soviet days, the better. As the recent election results show, however, there is not a similar consensus within Russian society. The fact that 40% of the Russian electorate voted for the Communist leader Zyuganov indicates that a large number of Russians are not happy with the consequences of economic liberalization to date. Not only are they concerned about their own personal welfare and that of their children and other relatives, but they are anxious about the level of crime and corruption associated with state sales of collective property to "private" businessmen, and they are troubled by the competing mafia bands that seem to be inextricably connected with protecting the new gilded empires of the instant-ruble trillionaires. (One dollar was worth about 5,500 rubles in September 1996.)

People in the West often ask why economic reform in China seems to be going so much more smoothly and successfully than in Russia. The answer is the important difference between the two experiences. The Soviet Union had an enormous military-industrial economy (30% of total employment), with a relatively small agricultural sector (13% of total employment); China has a vast agricultural sector, but a relatively small, though growing, military-industrial sector. Liberalization in China resulted in tens of millions of peasants getting rich producing food under new market conditions for its urban workforce. In Russia, on the contrary, liberalization led to millions of unemployed industrial workers with no incomes, let alone increased incomes, supporting a liberalized agricultural sector. The result has been very high underemployment in both sectors, and a

VLADIMIR ZHIRINOVSKY, *the "ultra-ultra," signs autographs after the Russian navy parade in Moscow's Red Square. Zhirinovsky, the least supportive of market reform, and the ultra-reformer Grigory Yavlinsky each received 5% of the vote in June.*

THE WAR IN CHECHNYA, *the autonomous region of Russia which declared its independence in 1991, has raged since Russian troops invaded in 1994. The casualties on both sides have been horrendous, and the city center of Grozny, above, has been reduced to rubble.*

near decimation of the military-industrial sector.

A mixed economy prevails in Russia today. While the state does not own many industries outright, it still has controlling shares in many of the biggest producers of energy, automobiles, armaments and steel. These and other industrial manufacturers were privatized in a manner that favored the longtime managers of those factories over other potential investors. Consequently, a new class of businessman has emerged out of the ranks of former Communist factory bosses. Industrial production is a fraction of what it was before the collapse of the Soviet Union. The hope, however, is that this decline is the result of the rationalization of production. As Russian industries are exposed to international market forces, presumably the less efficient will close down. Unfortunately for Russians, the industries in which their country has a comparative advantage on world markets are not yet apparent. As a result, those Russians with capital to invest increasingly look abroad for such opportunities, whereas the Russian government has insufficient resources for the development task.

An additional problem with economic reform is a legacy of the Communist era: oligopolies and monopolies in certain industries. Privatization occurred when a single industrial site might control one half or more of the total national production of, say, refrigerators. Breaking these companies up was seen as more costly than coping with the monopolistic consequences for awhile. In 1996, for example, the top 20 firms in Russia accounted for 56% of its industrial production. This concentration of power only multiplies the costs of corruption and crime in the Russian economy and reduces the capacity of the state to cope with it.

Although land-reform legislation and presidential decrees exist on paper, they have not resulted in a system of private agriculture that Americans would recognize. The typical arrangement bears a close resemblance to the state farms of old, with a group of workers collaborating to till land whose ownership is nominally theirs. But few can afford tractors, fertilizer and transportation to available markets. Consequently, production is low, profits are lower, and the appearance of an articulated national agricultural market is not imminent.

The continuing bright spot in the Russian economy is the production and export of raw materials: oil, natural gas, diamonds and gold. (It should be added that Russia has replaced the U.S. as the biggest arms exporter to the developing world, $6 billion compared with $4 billion for the U.S. in 1995.) Of the top 20 Russian companies, based on gross sales, 18 are raw-material producers, according to Peter Rutland's "Top 200 Russian Companies." At the top of the list is Unified Energy Systems, with 1995 sales of $36.5 billion and pre-tax profits of $4.3 billion. Gazprom was second, with $27 billion in sales and $3.2 billion in profits. These two companies would rank 15th and 25th, respectively, on the Fortune 500 list if they operated in the U.S.

While the foreign-exchange earnings from these resources are welcome, they come at a political cost. The first cost is the increased tension between the central government and the regional ones. Moscow and the exporting republics have struggled for control of the profits from these exports and will continue to do so. The second political cost stems from the staggering levels of corruption associated with the export of these goods. With the exception of Moscow and St. Petersburg banks, the most powerful mafias are connected with the "licensing" of Russian raw-material exports.

The study of economic reform highlights a central dilemma in Russia today: the state is too weak to police the streets, control corruption, eliminate graft, build the infrastructure necessary for a market economy to thrive, tax its population or provide a system of justice. But, at the same time, the state is perceived by a large plurality of Russians as responsible for all these problems and many more. This tension puts the Yeltsin government and its successors in a very uncomfortable position. ■

Disputes over NATO expansion

THERE WAS probably only one issue on which all Russian presidential candidates agreed: opposition to the expansion of NATO closer to Russian borders. This is the single most important potential problem between the U.S. and Russia. Its mishandling could cause a rebirth of Russian military power and a hardening of Moscow's foreign policy toward the West. In short, a return to the cold war is not out of the question if the expansion of NATO continues against unanimous and anxious Russian opposition.

There are two broad positions on including new members in NATO: *for*

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and *against*. The arguments in favor are straightforward. The countries that lie between Russia and Germany are concerned about their security. None can defend itself against a Russia intent on infringing on its territory. It should be recalled that Russia, with a population of 148 million, is nearly twice as large as recently reunited Germany and almost three times more populous than any other European country, including Poland and Ukraine. And these countries, given their most recent history, are convinced there is, or will be eventually, something to fear from Russia. The Baltic states of Estonia, Latvia and Lithuania were part of the Soviet Union from 1940 until 1991. Poland, Hungary, the Czech Republic, Slovakia and Romania were part of the former Warsaw Pact,* the Soviet-led military alliance. They all now seek security guarantees from the West, especially the U.S.

An additional reason for all these states wanting to become members of NATO is that they all wish to become part of Europe and the West. They want to demonstrate that they are not Central or East European—just European. Their desire to join NATO is exceeded only by popular support for joining the European Union and other European and Western institutions.

Proponents of NATO expansion make two additional arguments. The first is that the West, including the U.S., has a moral obligation to include these states in its security alliance. Having given up these countries to Soviet domination once, the West must not permit this to happen again. The second is that the future of NATO itself is at risk because, with the end of the cold war, it has lost its mission and the American people are ready to let Europe fend for itself. The expansion of NATO would give that organization a new lease on life and the U.S. a reason for remaining committed to peace in Europe.

NATO expansion would appear to be a perfect way to ease the concerns of these states. If they join NATO, they can be confident that Russia will never again pose a threat to them. Indeed, proponents of NATO expansion argue that Russia's vehement opposition proves just how dangerous Russia really is.

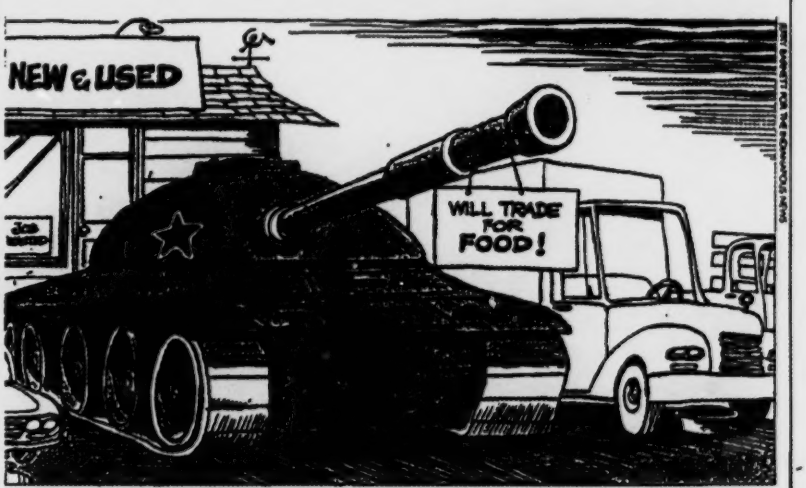
Opponents of NATO expansion have fears of their own, not fears *of* Russia but of the consequences of NATO expansion *for* Russia. Their arguments are a bit more complicated than those of the supporters of NATO expansion. To appreciate the dangers of NATO expansion requires an understanding of what NATO was doing during the cold war. Its obvious mission was to deter the Soviet Union from attacking Western Europe. Its less obvious mission was to reassure all of Europe that Germany did not pose a threat. NATO's existence obviated the need for Germany to acquire nuclear weapons and independent means of defense, and this helped keep the cold war cold. NATO expansion jeopardizes the alliance's capacity to fulfill these missions.

Broader missions, higher costs?

With NATO expansion, it is feared that German troops could be stationed in places in Eastern and Central Europe where they will evoke dreaded memories of the last time they were so deployed, in World War II. Moreover, the more actively that Germany participates militarily in the affairs of other European countries, the less reassured other countries are likely to be that NATO controls Germany. NATO expansion will lead to the widening of NATO's mission to include interethnic conflicts and border wars. Expanding NATO will expose the 16 current members to the animosities that exist among the applicants but are not now present in NATO (Greece and Turkey excepted). Moreover, in joining NATO, new members will be required to upgrade and standardize their arsenals. For example, the Lithuanian government has announced a doubling of its defense budget for 1997, an increase from .56% of gross domestic product (GDP) to over 1%, the level that Japan spends. In making the announcement, the Lithuanian defense minister, Linas Linkevicius, said it was part of his country's campaign to join NATO. These defense obligations do not enjoy unanimous public support. In a recent poll, for example, 85% of Czechs and Hungarians, and 67% of Poles, opposed spending more on the military.

In short, opponents of NATO expansion are concerned that expansion will spell the end of an effective alliance and bring back the cold war. This will occur because if NATO is on its doorstep, Russia will rearm and renounce the severe constraints imposed on nonnuclear weapons by the Treaty on Conventional Forces in Europe.* In 1996, the Russian defense budget was a rather small $18 billion, compared with the U.S. defense budget of $265.6 billion. Maintaining such a low budget is partly contingent on Western behavior. NATO expansion is likely to strengthen precisely the Russian politicians and military the West fears most. NATO expansion will create a self-fulfilling prophesy: a rearmed, newly assertive Russia.

Finally, detractors of NATO expansion argue that the countries now aspiring to NATO membership will be less secure after they join the alliance. First, Russian rearmament will be far more threatening to them in the future than currently controlled Russian weaponry is now. Second, to expand NATO requires the approval of the legislatures of each of the 16 member-nations for each



of the applicants. The debates about each one are likely to expose just how little blood and treasure any current NATO member is willing to spend on these new entrants. Finally, new NATO members will be required to build up their armed forces, forcing them to dissipate scarce resources on arms imports.

The bottom line for NATO opponents is that expansion promises the death of NATO, the return of the cold war and less security for former members of the Soviet empire.

Is there an alternative to these two positions? One option is the maintenance of current arms-control agreements so that over time Russian military power will be reduced to the smallest level practicable vis-à-vis its neighbors to the West. The reasoning here is that the best is the enemy of the good. While NATO expansion accompanied by Russian acquiescence would be desirable, the probability of such a happy outcome is very small. The next best outcome is a Russia satisfied with its security and, at the same time, strictly constrained in its capacity to arm itself. In such an event, Poland, Hungary, the Czech Republic and the Baltic states will face a most minimal security threat to their east, but they will not have security guarantees from NATO or be participants in that military arrangement.

Another possibility would be the inclusion of Russia itself as a member of NATO. Hardly imaginable a short time ago, this idea has been bandied about for the last year or two between the foreign policy community in Washington and Europe. Russia is already a member of the Partnership for Peace,* a kind of halfway house on the road to full NATO membership. Secretary of State Warren Christopher met with his counterpart, Russian Foreign Minister Yevgeny Primakov, in September 1996 and reportedly discussed a future Russian role in NATO. While the details are not yet available, one can imagine the possible objections. How could NATO continue fulfilling its role as guarantor against possible future Russian misconduct if Russia is a member of that alliance? Presumably, membership in the alliance would mean Russian access to war plans, deployment patterns, communications networks, etc. Such access would cause alarm among some NATO defense planners. Indeed, Russian officials repeatedly have stated that if their country ever were to join NATO, it would have to be on the basis of full partnership, with decisionmaking authority equal to that of any other member. ■

U.S. policy choices

THE U.S. relationship with Russia raises three broad policy issues. The first concerns whether Washington can facilitate the continuing process of democratization in Russia and, if so, how? The second issue is whether and/or how the U.S. should promote economic reform there. The last, and most immediate, issue is how the U.S. should fashion its strategic relationship with Russia—as leader of an expanded NATO or as a partner in a broader security arrangement. Broadly speaking, there is agreement between both political parties in the U.S. on these questions. Both President Clinton and Bob Dole, and congressional Democrats and Republicans, support U.S. aid to Russia to promote democratization and economic liberalization. Where they differ is on whether such aid should be linked to Russian conduct at home and abroad.

Congressional Democrats and moderate Republicans, along with the Clinton Administration, more or less agree that economic and political reforms are so important in and of themselves, and to the future development of a free and pacific Russia, that there should be few strings attached to U.S. aid. For example, aid should not be made contingent on Russian use of military force in Chechnya or on nuclear-reactor technology sales to Iran. There is also a belief that, in any case, linkage may backfire because domestic politics in Russia will punish those politicians who appear to be submitting to the will of Washington. Congressional Republicans, on the other hand, are more likely to object to U.S. taxpayer dollars going to a regime that murders its own citizens in Chechnya and supports the terrorist state of Iran. On NATO expansion, with very few public exceptions (most notably Senator Sam Nunn, D-GA), there is unanimous support for extending U.S. security guarantees to former members of the Warsaw Pact. The argument is over the pace of that expansion.

U.S. aid and Russian domestic politics

There is a broad consensus in the U.S. in favor of continuing modest levels of official foreign aid to Russia. The hope is that this aid, in conjunction with the additional billions of dollars coming from Europe, especially Germany, will help promote the development of democratic institutions in Russia and ease the transition to a more stable and enduring system of free and fair governance.

It should be kept in mind that total U.S. aid to Russia for its democratization program is quite small, about $50 million per year.

Economic opportunities

The Russian economy may have finally turned the corner, or bottomed out. Inflation is now down to Western levels. It was only .7% in the month of July and 0% in August 1996. Since January 1996, its level has been 16%, about the rate of European Union member Spain. For the year it is expected to be 30%, as compared with 131% in 1995. Unemployment has been reduced to European levels (9.2% in September 1996), if not those of the U.S. or Japan. Moreover, government spending as a percentage of gross national product (GNP, the total output of goods and services) was a miserly 17% in 1995. In the U.S. and Japan it was just over 20%, and in the rest of Western Europe even higher, up to 40% in France. While this is generally acknowledged to be a sign of admirable restraint on the part of Moscow's politicians, an alternative interpretation should be kept in mind: a weak state's inability to collect tax revenues.

One needs to be careful when speaking about economic aid to Russia. There are several sources of international capital for the Russian economy: direct foreign investment, loans from the IMF, loans and grants from the World Bank* and the European Bank for Reconstruction and Development (EBRD), and direct aid from other countries, like the U.S. International aid does not constitute a principal source of capital for the Russian economy. Measured against a $625 billion economy, the $1.5 billion

in foreign investment, $3 billion in IMF credits, $500 million in EBRD grants, and $150 million from the U.S. Treasury do not amount to a great deal.

As is the case with American aid for Russian political reform, Republicans are more inclined than Democrats to link economic aid to Russian behavior in other areas. Beyond this political linkage, there is another control governing Western capital flows to Russia: the IMF seal of approval. In February 1996, the IMF approved what would appear to be a gigantic transfer of resources to Russia: $10 billion over three years. (It should be kept in mind that Russia is a subscribing member of the IMF, meaning it has to have placed on reserve, in the form of gold and convertible currencies, some significant percentage of whatever resources it draws.) This means that the $10 billion loan, while not free money, is much cheaper than money borrowed at international market rates. But Russia does not receive this $10 billion without meeting a host of standard performance criteria concerning liberalization of imports and exports, capital flows, foreign-investment protection, banking stability, inflation and deficit reduction. Moreover, the $10 billion is meted out gradually, with economic performance judged at each step. So, in August 1996 the IMF released $330 million based on an evaluation that Russia had begun to strengthen its capacity to collect tax revenues. The IMF's reports are often used by foreign investors, the EBRD and foreign governments in assessing the advisability of extending their own financial aid to Russia.

The bottom line is that official U.S. economic aid flows to Russia are meager, but they can be used to send political signals on Russian behavior in other areas. Meanwhile there is very strong linkage between Russian economic conditions and the flow of any foreign resources into the Russian economy.

NATO expansion

While foreign policy in general did not play a central role in the presidential campaign, NATO expansion attracted some attention from Republican candidate Dole. Since the Clinton Administration, congressional Republicans and Senator Dole all support NATO expansion, the differences between them are tactical. The Republican platform and

GENERAL LEBED *negotiates with the Chechens in Grozny*

Senator Dole both claimed that the Clinton Administration has not admitted new members to NATO fast enough to satisfy the demands of Eastern and Central Europe applicants. They also charged that the Clinton Administration had been "soft on Yeltsin" by excessively heeding Russian concerns over NATO expansion. The further Republican claim, heard at the time of the Russian presidential election in June and July 1996, is that Clinton has made American policy toward Russia too dependent on the fate of the perennially ailing—politically and physically—Boris Yeltsin.

These contentions are not new around Washington. Congressional Democrats, while broadly agreeing with President Bush's policy toward Russia under Gorbachev, also criticized Bush for banking too much on Gorbachev. This criticism became especially harsh at the time of the August 1991 coup attempt against President Gorbachev. In a manner reminiscent of the current Republican charges about NATO expansion, Democrats, in the spring of 1991, criticized the Bush Administration for not accelerating the collapse of the Soviet Union with sufficient vigor. They accused Bush of delivering a "chicken Kiev" speech in Ukraine and pandering to Gorbachev's political fortunes.

NATO expansion most probably will grow as a political issue. Until now, the extension of U.S. security guarantees to additional countries in Europe has only been an abstraction. When the final decision is made, however, the U.S. Senate will have to vote on each new applicant to NATO separately, as will the other 15 members. This is likely to usher in a far more contentious debate over NATO than any heretofore.

What these discussions point out is that there are two quite different arenas in U.S.-Russian relations in 1997. Russian democratization and economic reform will be only marginally affected by U.S. conduct, since U.S. aid is so minimal and the sources of instability, change and progress in Russia are so vast and varied. In the area of security and arms control, however, the U.S. and Russia have achieved much but they are entering a new relationship. That relationship will largely be determined by NATO expansion and Russia's reaction to it.

U.S. policy options

To summarize, the U.S. has three policy options with regard to Russia:

- ❑ 1. to facilitate democratization with foreign aid or to make aid contingent on Russia's behavior in Chechnya and elsewhere;
- ❑ 2. to encourage economic liberalization, again with foreign aid, or to tie strings to that aid; and
- ❑ 3. to expand NATO and risk Russia's alienation; not to expand NATO and risk antagonizing Russia's former victims in Central and Eastern Europe; or give Russia a future role in NATO. ■

Opinion Ballot on page 87

DISCUSSION QUESTIONS

1. Should the U.S. treat Russia as a potential adversary or as a potential partner in world politics?

2. What interests does the U.S. have in Russia? How can the U.S. best advance those interests?

3. How much influence, if any, does the U.S. have over Russian domestic politics? What options are available to U.S. policymakers?

4. How should decisionmakers in Washington judge Russia's suitability as an ally? By its treatment of its own citizens? Its relations with former Soviet republics? Its support for U.S. interests elsewhere in the world? Its cooperation in reducing nuclear weapons, combating nuclear proliferation and controlling chemical weapons? Its progress toward a free and liberal market economy?

5. Is it advisable to link U.S. aid for domestic and economic reforms to Russian conduct in other areas?

6. Is it desirable to expand NATO? If so, is it possible to do so without driving Russia to rearm? Does the U.S. have a moral obligation to protect the security of the countries of Eastern and Central Europe?

7. Is American foreign policy toward Russia still oriented toward cold war stereotypes of the Soviet Union, or is it oriented toward the future, toward the development of a new, more cooperative relationship with Russia?

8. What position should the U.S. take toward future Chechnyas, if they occur? Should the U.S. uphold the right of a sovereign state to prevent secession, or should it support the right of self-determination?

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CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE (CEIP), 2400 N St., NW, Washington, DC 20037; (202) 862-7900; Fax (202) 862-2610. ¤ A nonprofit, nonpartisan organization that focuses on contemporary international affairs and U.S. foreign policy issues. CEIP recently opened the Carnegie Russian/Eurasian Center in Moscow. Publications include the quarterly journal **Foreign Policy.**

HARRIMAN INSTITUTE, Columbia University, 420 West 118th St., New York, NY 10027; (212) 854-4623. ¤ The institute specializes in teaching and research on the former Soviet Union and also offers public affairs programs. It publishes **The Harriman Review,** a quarterly.

ISAR: A CLEARINGHOUSE ON GRASSROOTS COOPERATION IN EURASIA, 1601 Connecticut Ave., NW, Suite 301, Washington, DC 20009; (202) 387-3034; Fax (202) 667-3291. ¤ ISAR supports initiatives that empower citizens throughout the former Soviet Union to create a more just and sustainable society. It seeks to build coalitions among U.S. groups interested in grassroots activities in the former Soviet Union. Offers technical assistance and training and publishes **Surviving Together,** a quarterly journal which covers environmental and other activities in Eurasia.

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Terrorism and crime: an increasingly dangerous world

Coping with shadowy threats to security and civil order poses some tough trade-offs for civil rights and convenience.

by David C. Morrison

DHAHRAN, SAUDI ARABIA, *June 25, 1996: A bomb carried by a fuel truck exploded near the apartment complex that housed nearly half the U.S. military personnel in Saudi Arabia, killing 19 American servicemen and wounding several hundred.*

THE LONG COLD WAR with the Soviet Union was often termed a "twilight struggle." Today, ironically, a world freed of cold-war polarization finds itself engaged in an even more shadowy struggle for security and order against terrorist cells and crime cartels. The diffuse nature of the threat suggests the absence of easy or sweeping solutions. In this murky post-cold-war era, the danger confronting U.S. policymakers is not only complacency that "it can't happen here." Also to be avoided is an overreaction that treads unduly on American civil liberties and principles.

Until recently the U.S. had escaped comparatively unscathed a scourge many other nations have learned to live with: terrorism and the justifiable paranoia that its death and destruction sow.

This relative American innocence was abruptly shattered on February 26, 1993, when a 1,200-pound car bomb erupted underneath New York City's World Trade Center, killing six persons and injuring a thousand. Ultimately, almost a dozen Islamic fundamentalists—all of whom had come to the U.S. from Middle Eastern countries—were tried and convicted in that attack. Until its members were apprehended, factions in this terrorist cell were planning to mount a broader bombing campaign here against such targets as the United Nations headquarters, as well as against U.S. jumbo jets flying over the Pacific.

Two years later, another specter—that of large-scale, homegrown terrorism—was unleashed when the Alfred P. Murrah federal building in Oklahoma City was car bombed, killing 168 people and wounding more than 500. Two U.S. citizens, alleged members of the antigovernment "militia" movement, are now being prosecuted in that case.

"Whatever happens," *Le Monde*, the French daily, editorialized following that April 19, 1995, atrocity, "one conclusion is already clear: The U.S. is no longer impervious to that urban terrorism which their West European allies have known for a long time." Anyone who has passed through European airports, with their machine-gun-toting paramilitary police and protracted check-in procedures, understands the distinction.

That is changing. Travelers on domestic flights are now routinely quizzed about their luggage and other time-consuming security procedures are being enacted at U.S. airports. To stymie car bombs, Pennsylvania Avenue has been closed off where it passes in front of the White House. And, to forestall letter bombs, the U.S. Postal Service has decreed that parcels heavier than one pound can be mailed only from postal stations, where they can be scrutinized.

Along with new ways of coping with potential terrorist acts, Americans are also grappling with new ways of thinking about terrorism itself. However shocking, the World Trade Center attack could be placed in a familiar context. The Middle East is inextricably associated in the popular mind with terrorism, and that bombing was quickly laid to the followers of an Egyptian cleric.

That association is understandable. At least since the massacre of Israeli athletes at the 1972 Munich Olympics,

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OKLAHOMA CITY, *April 19, 1996: A year after a car bomb killed 168 people, family members of the victims place flowers at the Murrah memorial site.*

territorial and religious grievances bred in the Middle East have been played out violently on the world stage. That 52 U.S. embassy officials in Tehran were held hostage by student radicals for 444 days following the Iranian revolution of 1979 only further cemented this nexus, as did the deaths of 241 U.S. Marines in the truck bombing of a barracks near Beirut, Lebanon, in 1983. The intervening years have witnessed a spate of other bloody Middle Eastern episodes—Americans taken hostage and one murdered on both the *Achille Lauro* cruise ship and TWA Flight 847 in 1985, for instance.

Not surprisingly, not only the popular but the official mind, too, has been tightly focused on terrorism rooted in the tortured politics of the Middle East. "The next 15 years may well be the age of superterrorism," a grim, early 1995 Pentagon study found. "Middle Eastern terrorism represents the greatest threat to America and American interests."

When the Oklahoma City bomb—the deadliest ever on U.S. soil—went off, analysts and the public jumped to premature conclusions. Early reports described two "Mideastern types" fleeing the site. But the suspects eventually apprehended were right-wing "militiamen." However porous U.S. borders may be, the Federal Bureau of Investigation (FBI) and the Immigration and Naturalization Service (INS) have at least some slight legal handle on ill-intentioned foreign nationals on American shores in the form of deportation. When U.S. citizens are the suspects, dealing with this threat from within can raise uniquely troubling civil-liberties questions.

An increasingly murky threat

Increasingly attacks are being mounted for which no party steps forward to lay claim. Last year witnessed two such possible incidents. On July 17, TWA Flight 800 from New York to Paris plummeted into the ocean, killing all 230 passengers and crew aboard. Federal authorities have not yet been able to determine whether the plane was downed by a missile, by a bomb or by a mechanical malfunction. And the July 27 bombing in Atlanta's Centennial Olympic Park, which killed one person and injured 111 others, has yet to yield a suspect. (The "trial by media" endured by Richard Jewell, a security guard who came under suspicion but was later exonerated, points suggestively to the civil-liberties issues raised by efforts to apprehend alleged terrorists.)

Terrorist bands today are "more nihilistic" than previous groups who were motivated by nationalist and economic grievances, terrorism expert Bruce Hoffman suggests. "They are less interested in finding a place in the system than in tearing it down."

Does it really matter whether the threat arises from here or abroad? However troubling, so-called state-sponsored terror is more readily dealt with, at least as a matter of setting policy. "Rogue nations" can be diplomatically isolated and economically sanctioned. A recent Congressional Research Service (CRS) report, however, discusses the advent of "boutique terrorism" perpetrated by "individuals who do not work for any established terrorist organization and who are apparently not agents of any state sponsor."

Traditional U.S. approaches to counterterrorism, which are sanctions-oriented and seek to peg responsibility for terrorist acts to a specific state sponsor, are far less useful in the face of such seemingly spontaneous freelance deeds of destruction.

Whatever the source of the terror, dealing with it necessarily raises difficult questions for diplomacy, intelligence, law enforcement and protecting Constitutional rights. The same applies to efforts to cope with the mounting power of transnational crime syndicates, particularly those operating out of Latin America and the former Soviet states. "International organized crime groups," Richard A. Clarke, a senior National Security Council official, recently asserted, "represent a major threat to U.S. national security interests and to the democratic world order."

These could be closely interrelated issues. "Future security is increasingly threatened as terrorism becomes enmeshed in the fabric of global organized crime," according to terrorism expert Robert Kupperman. "The growing global interconnectivity of organized crime...has forever changed the way terrorists do business."

The starkest scenario arising from this mounting enmeshment is the possibility of Russian "mafias" peddling high-tech arms to terrorist outfits. The former Soviet armed forces can barely house and pay their service members. Increasingly disgruntled, some Russian soldiers have sold to the highest bidders certain items of hardware from their arsenals. The direst fear in this connection, of course, is that that hardware might someday include nuclear warheads.

More immediately apparent examples of the criminal-terrorist nexus can be found in South America. Remote regions where coca and opium are grown, harvested and processed have fallen under the sway of revolutionary insurgent organizations. In return for protecting drug-manufacturing operations, groups such as Shining Path in Peru and the Revolutionary Armed Forces in Colombia earn monies with which to mount guerrilla warfare and terrorist attacks in their respective countries. Warring factions in Afghanistan and Myanmar (Burma) also arm themselves with dollars reaped from the heroin trade.

As with terror, it has grown increasingly difficult to view the perpetrators of organized crime as monolithic entities, vulnerable to frontal attack at central nodes of organization. When one Colombian cocaine-smuggling cartel is crippled, another takes its place. And Russia boasts an estimated 4,000 "organized-crime groupings," half of which have only a handful of members. ■

The nature of the terrorist threat

TERRORISM, some partisans argue, is merely the means by which the powerless must, perforce, wage war to achieve their objectives. With various groups and governments ever exchanging heated charges and denials of engaging in "terrorism," it is important to define precisely what sort of acts are under discussion here. How does "war" differ from terrorism?

War, Karl von Clausewitz, the 19th-century Prussian tactician, famously observed, "always starts from a political condition, and is called forth by a political motive. It is, therefore, a political act." So, too, is terrorism. But, whether formally declared or not, war is openly waged by a government or rebel faction, with largely military objectives in mind (though noncombatants are all too often targeted, even in traditional warfare).

Terrorism, by way of contrast, "means premeditated politically motivated violence perpetrated against noncombatant targets [including unarmed and off-duty soldiers] by subnational groups or clandestine agents, usually intended to influence an audience," as defined by U.S. law. That last clause is key. The actual target of a terrorist atrocity is typically a secondary consideration, save for whatever symbolic value it might offer. Often the goal is to affect the politics and psychology of those, frequently living thousands of miles away, who will merely read about the incident or see it on television.

As a global power with global interests and a global presence, the U.S. is no stranger to terrorist attacks against its facilities and interests. Indeed, in 1995, almost a quarter of all such incidents around the world were directed against U.S. citizens or property, overwhelmingly on foreign soil. The State Department's most recent annual report charting "Patterns of Global Terrorism," interestingly, describes a general downward trend in all acts of international terrorism, but an increase in anti-U.S. attacks, from 66 incidents documented in 1994 to 99 in 1995.

These include a wide range of assaults. In early 1995, two U.S. diplomats were murdered in Karachi, Pakistan, when their shuttle bus was raked with gunfire. Nearly 20 U.S. Air Force personnel were killed last June when a U.S. dormitory was car bombed near the Saudi city of Dhahran. The previous November, five U.S. personnel had also lost their lives in a Saudi bombing.

On the homefront, as already noted, the U.S. thus far remains largely unscathed by, although hardly immune to, terrorist attacks—especially when compared to the industrial democracies of Western Europe. In 1975, a bomb apparently planted by Croatian nationalists killed 11 at New York City's LaGuardia Airport. But, as the violent polarization that had marked the controversy over the war in Vietnam eased in the mid-1970s, the LaGuardia bombing punctuated a steady decline in domestic terrorist incidents, an easing that continued until quite recently.

While anti-American elements might not hesitate to hit U.S. targets overseas, striking at the American homeland seems to have generally been viewed as a far riskier prospect. "Many members of international terrorist groups are reluctant to carry out an attack in the U.S.," the FBI reports, "due, in part, to the fear of jeopardizing their current immigration status; fund-raising capabilities; recruitment opportunities; propaganda activities to support their cause; and freedom of assembly in the U.S." American willingness to retaliate militarily against clearly defined acts of state-sponsored terror has also likely played a deterrent role.

Terror on the home front

Which is not say that Americans have unanimously been safe from the terrorist's weapon of choice: the bomb. According to the FBI's annual "bombing incidents" report, the use of explosive and incendiary devices (for all purposes, personal as well as political) has steadily increased over the past decade. In 1994, 3,163 incidents, in which 31 people were killed and 308 injured, were reported to the bureau's bomb-data unit. By contrast, 803 bombing incidents in 1984 resulted in 6 deaths and 112 injuries.

The infamous Unabomber, who killed three people and maimed another 23 in an 18-year campaign of mail-bomb terror, contributed to that casualty count. A disaffected, reclusive mathematician is facing charges in that case.

NEW YORK CITY, *February 26, 1993: The terrorist car bomb that exploded under the World Trade Center forced 50,000 people to evacuate their offices. Victims are interviewed by local media at a triage center.*

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As for the sort of large-scale international terrorist attacks that seem so common overseas, Americans have experienced periodic surges of fear in recent decades about the same thing happening here. In 1986, after Libya was punished with air strikes following the bombing of a Berlin dancehall frequented by U.S. troops, Washington officials worried that a "gathering of dignitaries and citizens" on the Fourth of July "might make a tempting target for retaliation." U.S. Army Delta Force commandos from a counterterrorism unit formed in the 1980s were dispatched to New York City, but the celebration passed uneventfully.

Five years later, with the onset of the Persian Gulf war, the nation was awash with anxiety that Iraq might lash out. Airports canceled curbside baggage check-in, and the FBI aroused civil libertarians by interviewing hundreds of Arab-American business and community leaders in hopes of detecting potential terrorist strikes. Again, though, the home front remained peaceful.

That peace was broken deafeningly in 1993. "The bombing of the World Trade Center," the FBI reports, "shattered the illusion that the U.S. is immune from international terrorism. This event could only embolden and inspire other groups who have hatred for the U.S. and wish to bring violence to this country."

The even bloodier assault in Oklahoma City two years later further demolished the illusion that only "foreign crazies" wish to bring political violence to this country. Although responsibility has not firmly been established for the 168 deaths, there is little question that antigovernment "militia" outfits have painted a bull's-eye on the U.S. government.

In July 1996, for instance, 12 members of the "Viper Militia" were charged with conspiring to conduct attacks on federal facilities in Arizona. Also last summer, three members of the "112th Georgia Militia" were apprehended on suspicion of planning to disrupt the Olympic Games in Atlanta, Georgia, with pipe bombs. And, in October, seven members of the "West Virginia Mountaineer Militia" were arrested on charges of plotting to blow up an FBI fingerprint facility. The Anti-Defamation League counts paramilitary militia organizations in 40 states, with active membership totaling about 15,000.

Although it has only recently moved to the forefront of public attention, the militia movement actually flows from a long-running extremist tradition in American politics. Imbued with a xenophobic suspicion of foreign influence in American affairs (marked in the post-World War II era by fear of the influence wielded by the UN), this movement also hews to a fierce individualism (as expressed in a violent distaste for federal taxation and regulation of any kind). The Bureau of Alcohol, Tobacco and Firearms (ATF), a Treasury Department agency responsible for regulating guns and other weaponry, is seen as a particularly intrusive enemy of freedom.

Two recent violent confrontations exacerbated the militia members' tendency to view themselves as at war with a federal government that has targeted them for extermination. A controversial 1993 assault by the FBI and ATF following a prolonged stand-off against the Branch Davidians, a heavily armed Christian cult based near Waco, Texas, resulted in the deaths of 86 men, women and children. No less controversial was the heavy-handed 1992 move by federal marshals to arrest Randy Weaver, a survivalist living in Ruby Ridge, Idaho, which resulted in the deaths of his wife and son. The Waco siege took place on April 19, fostering belief that the April 19, 1995, bombing of the Murrah building in Oklahoma City was an act of antigovernment retaliation.

Some analysts point to a possibly emerging threat of "single issue" terrorism, sparked by such polarizing, hot-button controversies as animal rights, environmental preservation and abortion. (Absent definitive proof of a wider conspiracy, most violent attacks against abortion clinics and providers have not thus far met the FBI's official definition of "terrorism.") Overall, do the risks posed by terrorists nurtured overseas outweigh the homegrown terrorist threat?

A mid-1996 CRS report wonders "whether recent terrorist acts within the U.S. are flukes or the beginning of a new and escalating trend of domestic terrorism." There is some danger, that report proposes, of "overreacting to recent dramatic developments at home, thereby detracting policy focus from what some see as the real long-term terrorist threat: international foreign-supported and state-sponsored terrorism."

State-sponsored or freelance?

This is no minor matter of debate. Whether the bulk of terrorism is state-sponsored or the work of scattered individuals helps determine the mobilization of specific resources. By act of Congress, the State Department is required annually to list terrorism-sponsoring states. The list includes Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria—all subject to some degree of economic and diplomatic sanctions.

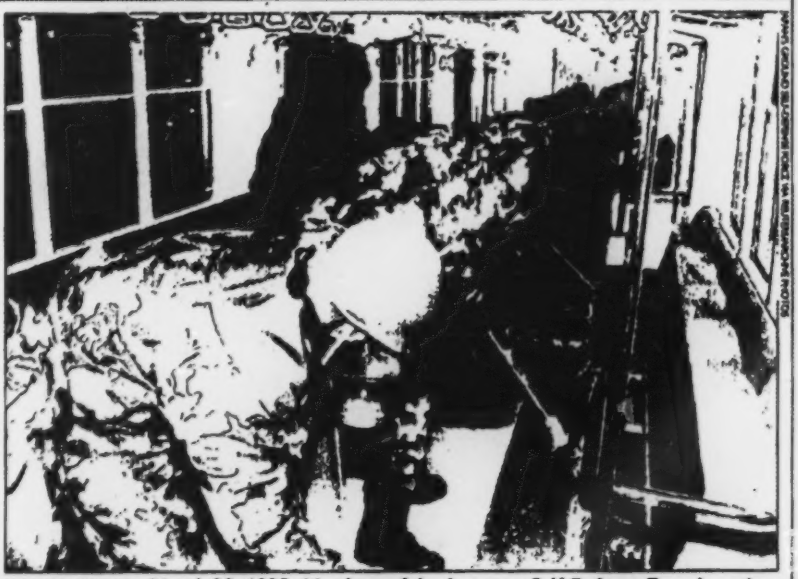
Some analysts contend that such sanctions amount to little more than a feel-good nostrum that has little real-world impact on other countries' behav-

ior simply because other countries often do not cooperate with the U.S. in imposing them. Others argue that in the cold war's wake, rogue nations are more vulnerable than ever to U.S.-led international isolation. Information developed last fall by the Saudi government suggests that Iran, and possibly Syria, were involved in last June's dormitory bombing in Dhahran. Both countries, albeit Syria to a far-lesser extent, have long been subject to U.S. sanctions. If these governments were, in fact, involved in the Dhahran bombing, it might point to the weakness of sanctions as a tool in altering the behavior of such states, especially when levied unilaterally by Washington and ignored by U.S. allies.

R. James Woolsey, former director of the Central Intelligence Agency (CIA), is a firm believer that state sponsorship is the central issue. If Washington would only deal firmly with Iran and Syria, Woolsey believes, "the [terrorism] problem would go from being an extremely serious one to being an occasional one." Philip C. Wilcox, who heads State's counterterrorism office, on the other hand, retorts that "the role of states in promoting terrorism is in sharp decline."

Whatever the source of the attack, recent events have pointed to frightening new possibilities for mounting mayhem on a mass scale. In March 1995, poison-gas attacks on the Tokyo subway system, apparently launched by a bizarre religious cult—albeit one that had adherents, many of them wealthy and well-educated, around the world—left 10 dead and prompted New York City officials to run a subway preparedness drill. The concern is real. A white supremacist group was indicted in the mid-1980s after a raid uncovered 30 gallons of cyanide and plans to poison Washington's and Chicago's water supply. In 1987, Dallas skinheads plotted to dump cyanide crystals into the air conditioners of a Jewish day-care center.

Nor is gas attack the grisliest imaginable scenario. One of the overriding national security concerns surrounding the breakup of the Soviet Union has been striving to ensure that its tens of thousands of nuclear warheads and abundant atomic know-how do not fall into the hands of terrorists. Terrorist use of biological toxins is also of concern,



TOKYO, JAPAN, *March 20, 1995: Members of the Japanese Self-Defense Force's antigas chemical warfare unit decontaminate subway cars after nerve gas killed 10 and poisoned some 5,000 commuters during the morning rush hour.*

as is the prospect of economically paralyzing hacker attacks against massive, vulnerable, internetted computer systems, not to mention against power grids, telecommunications networks and financial infrastructures.

Meanwhile, a range of factors suggests that the terrorism problem might worsen in the years to come. One such factor is the coming turn of the millennium, which holds great significance for religious zealots. "Even some nonreligious extremist groups have apocalyptic elements in their ideology that could be exaggerated by the approach of the millennium," terrorist expert Roy Godson suggests.

International crime

Increasingly bloody deeds are required to seize the attention of a jaded world, to cite another fact. And the dissolution of multinational states, such as the Soviet Union and Yugoslavia, as well as the collapse of central authority in many other nation-states, provides fertile ground for ethnic conflicts that in turn give rise to terrorist and transnational criminal activity. (See box, p. 44.)

Russian crime groups, for instance, now have a presence in some 50 countries, with an estimated 1,000 members in the U.S. alone. The power and reach of Latin American and Southeast Asian drug-trafficking organizations is well-known. "Organized-crime groups now possess such significant resources that they can almost buy and sell governments," the National Security Council's Clarke says.

The world boasts no shortage of unstable governments that are uniquely vulnerable to corruption. And, because of the vast amounts of money it can generate, the drug trade has proved a particularly potent source of corruption.

Suspicion that the government of Colombia is under the influence of narcotics traffickers has led to congressional calls for the imposition of economic sanctions. Although it continues to provide drug-fighting funds to Colombia, the Clinton Administration in 1995 formally listed that country as "uncooperative" in the war on drugs—a category that also includes Bolivia, Lebanon, Pakistan, Paraguay and Peru.

Listed as "fully uncooperative" are Afghanistan, Iran, Myanmar, Nigeria and Syria. Nigeria is not a source of drugs, but Nigerian traffickers have become a major channel for transporting heroin from Southeast Asia to the U.S. A Nigerian network broken up last October allegedly supplied some 400 pounds of heroin a year to street dealers in the U.S. Midwest.

The many nations around the world that have thrown off totalitarian governments or dramatically liberalized their economies over the past half-decade are also uniquely vulnerable to the depreda-

AN EXHAUSTED FIRE FIGHTER, *one of the heroes of the deadliest terrorist attack on American soil, receives a wreath of flowers from a grateful citizen, Sue Chambers. Oklahoma City firemen searched the rubble of the Murrah federal building around the clock in search of survivors.*

tions of criminal organizations—especially, again, those trafficking in narcotics. China's Yunnan province has become a major pipeline for heroin produced and processed in neighboring Myanmar. Postapartheid South Africa is a key transit point for South American cocaine on its way to Europe and Southeast Asian heroin on its way to the eastern U.S.

The former Soviet republics, particularly in Central Asia, are also wide open to drug traffickers, as are many Central and East European states. In 1995, for instance, a Greek freighter docking in Poland was discovered to be carrying almost 480 pounds of cocaine.

Closer to home, the Mexican government has shown itself incapable of coping with the economic clout and armed might of powerful "drug lords" who supply the vast American market for Mexican-produced heroin and methamphetamine and Colombian-produced cocaine. Ranches and communities along the Rio Grande have complained of a virtual "reign of terror" by increasingly aggressive drug traffickers moving their products across the U.S.-Mexican border.

FBI Director Louis J. Freeh points to the rapid expansion of global telecommunications and travel spawned by technology and the end of the cold war as key factors in the rise of international crime. "Criminals have used these changes to their advantage, diffusing their operations around the world to avoid law-enforcement scrutiny," Freeh told Congress last year. "The relentless globalization of crime threatens America both at home and abroad—and all other law-abiding nations as well." ■

Choosing weapons for a shadow war

No surprise, the recent flurry of terrorist activity has prompted a counterbarrage of reactive measures. In his October 22, 1995, speech at the UN's 50th anniversary assembly, President Bill Clinton addressed these issues at length. The same day, he issued a directive aimed at cracking down on countries and banks that engage in money laundering, terminating U.S. trade with "front companies" funded with narcotics dollars, and beefing up U.S. counterterror and countercriminal assistance and training for foreign countries.

Nationwide, the drawbridges are being raised. Antiterrorism funding for federal agencies has been boosted by $1 billion over four years. New security measures have been inaugurated at federal buildings across the nation, and the ATF (the apparent target of the Murrah building attack) is considering shifting its headquarters from downtown Washington to a suburban site whose perimeter can be more closely monitored.

All U.S. visas being issued at 221 consular posts overseas are now computer-readable, easing the detection of fraudulent entry permits and the screening against more than 4 million undesirable aliens now listed in a State Department data base. Among a welter of other measures, security forces are being doubled at American airports, the 50 largest of which may soon be provided with bomb-sniffing dogs.

The FBI is moving to reassign 500 of its 10,000-plus agents to counterterrorism duty. (The total number of agents working on terrorism is classified.) The bureau is also dramatically expanding its presence overseas, with plans to double the number of offices it maintains abroad to 46. A new FBI post in Beijing, China, will focus on criminal groups tied to U.S.-based ethnic Chinese, for instance, while one in Kiev, Ukraine, will scrutinize organized crime and nuclear smuggling. Also being expanded is the bureau's training of foreign law-enforcement officials; a school in Budapest, Hungary, for example, replicates for former East European Communist-bloc officers the training provided at the FBI's National Academy at Quantico, Virginia.

Since 1992, the CIA has doubled spending on its Counter-Terrorism Center, established in 1986, where officials from 10 federal intelligence agencies collate data about and coordinate strategy toward terrorist groups. In a speech in September 1996, CIA Director John Deutch asserted that the center had developed a particularly rich understanding of the doings of Hezbullah, the radical Islamic group sponsored by Iran, and had assisted foreign governments in seizing terrorists five times in the past two years.

Needed: timely intelligence

More than any other element, securing timely and accurate intelligence is the key to combating terrorism. "Of course, we strive to provide warning of all attacks before they occur, but this is an enormously difficult task," Deutch has

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conceded. "This type of tactical information depends upon access to dedicated terrorist groups who are well-financed, skillful and determined to commit atrocities. Such individuals have learned to keep their planning secret and confined to small cells."

In such situations, the vast and costly space and electronic surveillance networks developed by the U.S. intelligence community are not as handy as covert agents on the ground. Recurring controversies over the CIA's use of politically and morally repellent individuals to collect intelligence have prompted the adoption of stricter guidelines designed to exclude flagrant human-rights abusers.

Although failure to prevent the bombing in Dhahran appears to have followed more from bureaucratic inertia than an outright intelligence failure, the retired general who investigated that tragedy suggested that new covert-activity rules "hamper the efforts of national intelligence agencies."

Asserting that "the CIA has substantially increased the number of new intelligence sources reporting to us about terrorist groups," Deutch, who implemented the current guidelines, has strongly dissented from that assessment. "Those who say that these rules are incompatible with effective intelligence gathering are just plain wrong," he contended in September. "We all know that we must deal with unsavory characters in the intelligence business. The question is, will we do it in a smart...way? The answer is yes, and our performance proves it can be done successfully."

Controversy has also been aroused by the degree to which the U.S. military should be mobilized in the struggle against terrorism. Military might is the most fearsome retaliatory stick the U.S. has to wield when its interests are attacked. In early 1993, for instance, the U.S. Navy launched cruise missiles at Iraqi intelligence facilities as punishment for an alleged Iraqi plot to assassinate former President George Bush during his visit to Kuwait.

More recently, President Clinton proposed that the military's expertise be drawn upon to assist civilian law-enforcement agents with terrorist incidents involving chemical or biological weapons. The military is really the sole repository of such expertise. But to use

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it in this way conflicts with the 19th-century, Reconstruction-era Posse Comitatus Act, which bars the military from engaging in domestic law-enforcement activities. Former Defense Secretary Caspar W. Weinberger, for one, has asserted that Clinton's proposal would "needlessly undercut civil liberties guaranteed by the Constitution." Similar complaints have been made about proposals to use active-duty troops within U.S. borders in the "war on drugs."

Civil disorder, civil liberties

Much of the debate over how best to counter terrorism hinges on the tensions inherent in preserving prized American civil liberties while enhancing the government's ability to root out often obscure threats to the civil order. Congress's rejection of President Clinton's proposal to expand federal emergency wiretap authority to track suspected terrorists offers a textbook example of the issues that come into play.

The heated wiretap debate actually originated two decades ago in the scandals and congressional investigations of federal infiltration and surveillance of radical domestic political groups. The result has been to strap the FBI to something of a policy seesaw. In the mid-1970s, the so-called Attorney General's Guidelines were drawn up, restricting the bureau's freedom to wiretap, infiltrate and harass political groups. Early in the Reagan Administration, these guidelines were loosened. But following controversy over the FBI's surveillance of the leftist U.S. Committee in Solidarity with the People of El Salvador, the bureau was reined in again.

While the World Trade Center and Murrah building bombings pointed toward once again giving the FBI a more "proactive" investigative role, uproar over heavy-handed federal action against religious zealots in Waco and survivalists at Ruby Ridge prompted "another crackdown on law enforcement, creating a situation which made it difficult for the government to do what was necessary to protect its citizens," complained former FBI official Buck Revell.

The American Civil Liberties Union (ACLU) argued against allowing the FBI more extensive wiretap authority. "Even the government's own reports concede that 80% of all the conversations overheard during a wiretap are not related to any criminal activity," ACLU President Nadine Strossen opined last fall. "In light of the FBI's sorry history of illegitimately tapping innocent people, any proposal to enlarge the agency's discretion...should be opposed."

Intelligence analyst Joseph Finder, by contrast, has maintained that wiretaps, which must be continually monitored, are unlikely to be abused simply because they are so expensive to operate. "And the punishment for violating wiretap laws is so onerous," he adds, "that the FBI would much sooner err on

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An Intelligence Officer Looks Through a Glass Darkly

FREIGHTED as it was with the potential threat of devastating nuclear world war, the U.S.-Soviet standoff posed no shortage of dire policy dilemmas. The shadow struggle against transnational terrorists and crime cartels, too, fills many decisionmakers with dark foreboding. In a stark essay in the summer 1995 issue of *Parameters*, a quarterly journal published by the U.S. Army War College, Major Ralph Peters, a U.S. Army intelligence officer, paints a grim portrait of what these unconventional threats mean for those in his profession:

"The imaginary sanctity of the nation-state tyrannizes our behavior, while terrorists, drug traffickers, resource pirates, and post-Soviet crime networks dance across continents and oceans," Peters writes. "Criminal organizations, to stress only one of the growing and largely ignored threats to our national security, increasingly have more power than do failing states. We refuse to face the consequences, insisting that all crime is a 'law-enforcement problem.' But the veil of illusion is disintegrating."

Addressing these issues, Peters adds, will necessarily involve entanglement in "filthy missions that will never entirely succeed and which will lend endless ammunition to those who loathe the institution [the U.S. military] that has given worth to my life. I wish that it could be otherwise."

the side of caution than risk slipping up."

The civil liberties–civil order conundrum can be a tough circle to square. "To take away the liberty of the American people while fighting terrorism," the Republicans warned in the 1996 presidential platform, "is repugnant to the history and character of our nation."

Deciding where to draw the line will always be a matter of individual judgment. While reassuring the public that traditional freedoms of speech and association must be retained, President Clinton has also asserted that "we may have to have some discipline in doing it so we can go after people who want to destroy our very way of life."

AFTER THE SECOND *terrorist attack on U.S. military personnel in Saudi Arabia in less than a year, the U.S. beefed up security in Dhahran and moved personnel to a more-isolated part of the country. A U.S. Army sniffer dog checks a fuel truck for bombs.*

Clinton last fall signed into law a measure that, once implemented, is sure to arouse civil-liberties disputes. Among a raft of legislation designed to pump up airport security, a new bomb-detection procedure will require airlines to run computer checks on passengers to access government-created "profiles" that will help determine whether their luggage should be singled out for particular scrutiny.

In 1990, Congress ordered the installation of sophisticated bomb-detection gear at airports nationwide. But, besides being extremely expensive, the technology has proven too slow and cumbersome to be trained on each piece of the torrent of luggage passing through U.S. airports. Thus, the need for targeted examinations. But, civil libertarians wonder, do Americans really want to give the airlines access to any kind of sensitive computer files, perhaps eventually even those containing criminal records?

Even the airlines' new insistence that passengers present a driver's license or other identification before boarding a plane has sparked privacy concerns. This requirement "serves only to lead the public to believe that somehow we are more secure on an airplane if our 'papers are in order' before boarding," Robert Ellis Smith, publisher of *Privacy Journal*, has written. "Probably the only effective consequence of such requirements is to get us used to the idea of presenting identification in all aspects of our lives."

Constitutional questions are also broached by the Antiterrorism and Effective Death Penalty Act signed into law last year, which seeks to secure prompt capital punishment of convicted terrorists by sharply limiting habeas corpus review of convictions and sentences sought by state and federal prisoners on death row. (This measure applies to all condemned prisoners, not just those convicted of terrorism.) That law also enlarges the government's authority to deport suspected terrorists without disclosing the evidence against them.

These measures affecting convicted criminals and suspected alien terrorists have yet to excite much public outcry. It is thus unclear precisely how far the American people are willing to go in ceding civil liberties in the fight against terror. "Our society is unique in that we're a democracy," Frank Cilluffo, a terrorism expert with the Washington-based Center for Strategic and International Studies, remarks. "It's important to strike an appropriate balance between freedoms and civil liberties and emerging national-security requirements and concerns."

Controversy has also been generated by proposals to tag high-power and smokeless explosive substances with chemicals that would help track down bomb culprits. This technology has been available for almost two decades. Driven by the National Rifle Association's worries that the chemicals might affect the performance and stability of the gun powder, Congress ordered the termination of the program in 1980. The question about the use of chemical tags has climbed back on the policy agenda, but practical and Second Amendment considerations continue to generate resistance.

Similarly, proposals have been tendered to dilute the nitrogen-based fertilizers used in the homemade bombs that devastated the World Trade Center and the Murrah federal building. But that measure could be circumvented by simply increasing the amount of fertilizer loaded into the truck bomb. "There is no absolute solution to the problem," cautions a research physicist with the U.S. Bureau of Mines. "We can only strike a balance between making life more difficult for ourselves and making life more difficult for a terrorist."

Similar cost-benefit questions also arise in relation to counterterrorist measures such as heightened airport security. Robert W. Hahn, an economist with the American Enterprise Institute, a Washington-based think tank, for instance, pegs the time-cost of a half-hour delay in processing the 500 million passengers who annually embark on flights within or from the U.S. at some $5 billion a year. With an annual average of 23 Americans having been killed in airline sabotage since 1982, that figure suggests that the national economy is being taxed roughly $200 million per life saved per year by increased security measures.

"Terrorism is likely to be with us for the foreseeable future," Hahn cautions. "Moreover, in a more open world, it becomes more difficult to contain. We should zealously attempt to contain it, but we should be wary of giving up our freedom or our time before having a reasonable idea of what we will get in return for these sacrifices."

It seems safe to say that the majority of Americans would tend to favor eschewing sacrifice in favor of convenience—and their civil liberties. As *The New York Times* has observed, when 42,000 Americans died in 1993 from automobile accidents, and 31,000 killed themselves, the loss of life from terrorist incidents thus far pales by comparison.

Given a succession of new outrages, of course, all such bets would be off. If Americans are made to feel truly under siege—and such is precisely the goal of the prototypical terrorist act—there may be few limits to convenience and freedoms currently enjoyed that the public might not be willing to dispense with in exchange for a measure of security.

But, as ugly and distressing as the recent atrocities have been, that has not come to pass yet. "Try to put it in proportion," Nahum Admani, a former Israeli secret-service chief, remarked in a recent interview. "As painful as these events have been, America has not suffered terribly from terrorism, partly because you took, in time, good measures.... The U.S. has put a lot of intelligence efforts into preventing attacks. And you have had success. This is extremely important. And don't forget the U.S. has the power to retaliate in many ways. Therefore, you are not an easy target."

U.S. policy options

The Administration and the Congress have enacted numerous recent measures to cope with the perils of international crime and terrorism. But there remain a number of controversial areas that are sure to be debated heatedly in future years, especially if a new round of terrorist atrocities occur. Following are three issues likely to be subjects of discussion.

❑ **1. The U.S. should concentrate more on punishing and changing the behavior of countries such as Iran and Sudan, which harbor and support terrorist elements.**

Pro: Ample evidence exists to support the notion that terrorism-sponsoring states offer a vital network of support to some of the most actively violent political groups—particularly in the Middle East. This is warfare under the cloak of concealment, and should be dealt with as such.

Con: Although state-sponsored terrorism remains a factor, it is changing and growing more scattered and diffuse. It is illusory to believe that action against Iran or Sudan will solve the problem. Moreover, the U.S. seems to face an increasing challenge posed by homegrown terrorist "militia" groups.

❑ **2. Terrorism represents so dire a danger to American life and property that much more aggressive measures than those currently employed should be justified for combating it.**

Pro: Terrorism is simply war under another name. It is perverse to allow global gangsters and international terrorists to shield their activities behind the very American civil liberties that they seek to destroy. When appropriate, wiretaps, covert assassination, summary deportation and so on are all valid weapons in this shadow war.

SECRETARY OF STATE *Warren Christopher's department is required by act of Congress to prepare an annual list of countries that sponsor terrorism. The list includes Cuba, Iran, Libya, North Korea, Sudan and Syria.*

Con: It would be a fatal mistake to overreact to the dangers posed by terrorism by shredding the Constitution and established legal procedures. This sort of response is precisely the goal of many terrorist groups. The best way to avoid playing into their hands is to stand fast on American principles.

❑ **3. Airports and public buildings must be safeguarded against terrorist attacks, even at the cost of inconveniencing the public.**

Pro: Terrorism should be considered a preventable source of casualty. The citizens of Israel, France and other nations with high rates of terrorism have all grown accustomed to cumbersome security measures. Besides loss of life, major bomb detonations exact enormous losses in property damage and disruptions of vital economic activities. These losses and disruptions should be prevented, if at all possible.

Con: Because of the shadowy and secretive nature of terrorism, it is simply impossible to prevent outrages from occurring 100% of the time. Rational cost-benefit analyses must be employed to determine which measures are worth taking to ensure against so uncertain a danger. Americans must not become prisoners of their fear. ■

Opinion Ballot on page 87

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DISCUSSION QUESTIONS

1. The U.S. has always had a comparatively high rate of criminal violence. Do you feel personally more threatened by the possibility of random violence in the street or by getting hurt in a terrorist bombing?

2. Is the threat of domestic, "militia"-directed violence exaggerated? Which do you think presents the greater threat to American life and property—international or homegrown terrorism?

3. How does terrorism differ from warfare as a means of achieving political objectives? Can you imagine circumstances or systems of belief under which the use of terrorism might be justified?

4. If so, do you think terrorism would be a successful method and tactic of achieving your goals?

5. Do you agree with the cost-benefit argument over the CIA's hiring of undeniably "unsavory characters," if those characters provide information that aids the fight against terrorism?

6. Economic sanctions and diplomatic isolation have been a time-honored means of punishing states accused of sponsoring terrorism. What is your impression of how successful such measures have been?

7. If Washington has incontrovertible proof that another country has sponsored a terrorist attack against Americans or American interests, is the U.S. justified in mounting a retaliatory strike, as it did against Libya in 1986? Should retaliation be proportionate to the offense?

8. How much inconvenience are you willing to accept to increase your security against the possibility of terrorist attack? Would you be willing to wait many hours at the airport because of extra security procedures?

9. How many civil liberties are you willing to concede in the war against terrorism? Are you comfortable, for instance, with the idea of airlines accessing government-compiled computer data about your spending and travel habits every time you book a flight?

READINGS AND RESOURCES

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"Fighting Terrorism: Challenges for Peacemakers." **U.S. Department of State Dispatch,** January 3, 1996, pp. 277–79. The text of an address given by Secretary of State Warren Christopher that focuses on the special ramifications of terrorism in the Middle East.

Leitzel, Jim, et al., "Mafiosi and Matrioshki: Organized Crime: The New Empire of Evil. **The Brookings Review,** Winter 1995, pp. 26–29. Charts the origins and rise of organized crime in post-Soviet Russia, which is described, interestingly, as "a necessary evil" under current political and economic conditions. Back editions are available for $4.50. Call (800) 275-1447.

Patterns of Global Terrorism. Washington, DC, U.S. Department of State, April 1996. Free. A comprehensive federal report published every spring detailing terrorist incidents worldwide. To obtain a copy, contact the Public Affairs Office (202) 647-4000; Fax (202) 647-5939.

Terrorism in the United States. Washington, DC, Federal Bureau of Investigation, 1996. Free. An annual report prepared by the FBI's Terrorist Research and Analytical Center. Most current edition provides trends assessment for 1994 and a projection of current threats. To obtain a copy, contact the Public Affairs Office (202) 324-3691; Fax (202) 324-6490.

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, 1800 K St., NW, Washington, DC 20006; (202) 887-0200; Fax (202) 775-3199. ▫ Studies international terrorism and has mounted a "program on global organized crime" cochaired by former FBI and CIA director William Webster.

CENTRAL INTELLIGENCE AGENCY (CIA), Public Affairs Office, CIA, Washington, DC 20505; (703) 482-0623. ▫ Source for such agency assessments as director John Deutch's March 1996 Senate testimony on the threat of nuclear-weapons diversion and his September 1996 Georgetown University speech on fighting foreign terrorism.

HERSHON CENTER, Ohio State University, 1501 Neil Ave., Columbus, OH 43201-2602; (614) 292-1681; Fax (614) 292-2407. ▫ A multidisciplinary resource for the study of war and peace. Offers curricular materials, conferences and seminars on a variety of related topics.

NATIONAL STRATEGY INFORMATION CENTER, 1730 Rhode Island Ave., NW, Suite 500, Washington, DC 20036, (202) 429-0129; Fax (202)659-5429. ▫ A nonprofit, nonpartisan and nongovernmental source for information about both terrorism and international organized crime. Produces the quarterly **Trends in Organized Crime,** various monographs and books.

NUCLEAR CONTROL INSTITUTE (NCI), 1000 Connecticut Ave., NW, Suite 804, Washington, DC 20036; (202) 822-8444; Fax (202) 452-0892. ▫ An independent nonpartisan, nonprofit research and advocacy center specializing in the problems of nuclear proliferation. Monitors domestic and foreign nuclear activities, pursuing strategies to halt the spread and reverse the growth of nuclear arms. Publications include books on nuclear proliferation and terrorism.

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European integration: what future for Europe and the U.S.?

The European Union's far-reaching plans—creation of a single market for its 370 million members, a single European currency, a common foreign and defense policy—could directly affect the well-being of the average U.S. citizen.

by Andrew Moravcsik

A PREPARATORY MEETING *of the new European Commission presided over by Mr. Jacques Santer. This meeting was held in 1994 in Brussels, Belgium, headquarters of the 15-member European Union. The Commission, one of the four major branches of the EU system, is the executive bureaucracy. Its members are nominated by, but not responsible to, national governments.*

EUROPEAN INTEGRATION is one of the most remarkable international developments in the 20th century. A half-century ago, who would have believed that Europe—and, at its heart, hereditary enemies France and Germany—would sponsor the single most successful international institution in human history? Today the European Union (EU, formerly the European Community) has not just become a single, integrated market and trading block of over 370 million people, though that in itself would have been a considerable achievement. For its 15 member countries, it is also a major, if not a dominant, legislative institution: its regulations reach into almost every area of economic and social life. (The members are Austria, Belgium, Britain, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden.)

The European Union's activities run the gamut from collective trade liberalization and monetary stabilization to joint environmental and consumer policies, rules on gender equality, common approaches to high-technology research and development, shared strategies on immigration and a cooperative approach to foreign policymaking.

In 1988, Jacques Delors, a former French finance minister and leading EU official, predicted that in a short time 80% of all legislation affecting European countries would be made in Brussels, Belgium, the seat of the European Union, rather than in national capitals. In two generations, European integration has not only contributed to economic growth and political stability in post-World War II Europe, but it has fundamentally altered the way Europeans think about national sovereignty and national identity.

In recent years, the European Union has undertaken a new set of challenging projects, among them the creation of a single market without borders, a single European currency, common regulatory standards in many areas and a common foreign and defense policy, as well as democratization of EU institutions and expansion to include over a dozen new member states in Eastern and Southern Europe. These plans not only impose unprecedented limitations on the sovereignty of European governments, but they also have implications for the U.S. American businesses, defense planners and foreign policy leaders will all be directly influenced by these changes. In many cases, the plans may well affect the livelihood of the average U.S. citizen.

These new challenges raise a number of questions: What is likely to be the impact of these policies on European citizens and existing national policies? Should the U.S. support these policies? Oppose them? Emulate them in North America? Adapt to them by promoting bilateral cooperation with Europe?

History and institutions

The year 1950 marks the launching of European integration—the construction of formal, centralized economic cooperation that would supersede the national policies of individual European countries. In that year, two French statesmen, Robert Schuman and Jean Monnet, advanced the first proposals for a European Coal and Steel Community (ECSC), an organization designed to coordinate the coal and steel industries of its six member countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands). In 1957, the same six governments negotiated and ratified the Treaty of Rome, creating the European Community (EC). The goal of the new organization was to create a common market by 1970. As a result, all tariffs and most quotas among the members would be eliminated, a common tariff

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would be created vis-à-vis third countries, and a managed system of agricultural trade, the Common Agricultural Policy (CAP), would be constructed.

Three primary concerns motivated the governments that negotiated the Treaty of Rome. The first was to tie Germany firmly to the West and prevent another Franco-German war. The importance of "the German question" waned after 1949, when the North Atlantic Treaty Organization (NATO) was established, and the stability of West German democracy came to be taken for granted. Still, throughout the 1950s, German Chancellor Konrad Adenauer—much like his successor Helmut Kohl today—believed strongly in the need for Franco-German cooperation.

The second concern was to provide an alternative to communism, the official ideology of East European countries and a potent force among strong opposition groups in France and Italy. The centrist, particularly Christian Democratic, political parties were strong advocates of European integration. Support for European union remains a particularly important force in Italian, German and Benelux (Belgium, the Netherlands and Luxembourg) public opinion. By contrast, important groups in countries like Britain and Denmark remain relatively skeptical, even hostile, to integration.

ABBREVIATIONS

- **CAP:** Common agricultural policy
- **CFSP:** Common foreign and security policy
- **EC:** European Community
- **ECB:** European central bank
- **ECSC:** European Coal and Steel Community
- **EMS:** European monetary system
- **EMU:** Economic and monetary union
- **EU:** European Union
- **GATT:** General Agreement on Tariffs and Trade
- **GDP:** Gross domestic product
- **IGC:** Intergovernmental conference
- **NAFTA:** North American Free Trade Agreement
- **NATO:** North Atlantic Treaty Organization
- **NTB:** Nontariff barrier
- **SEA:** Single European Act
- **WEU:** Western European Union
- **WTO:** World Trade Organization

The third and probably most important motivation for integration was economic. The West European economies were then and remain extremely interdependent. The value of trade per capita is many times higher than in non-European industrial countries like the U.S. or Japan, making European countries sensitive to trade fluctuations. Individual countries had their own reasons for supporting integration. Germany, for example, favored the trade liberalization aspect of the common market policy, which would boost its exports of manufactured products. At the same time, France and Italy liked the external tariff called for by the plan because it blocked Germany from unilaterally opening its industrial markets to, and thus bringing in competitors from, third countries. Thanks to the common agricultural policy, France, Italy and the Netherlands gained protected outlets for agricultural exports, at the expense of third-country producers, particularly those in the U.S.

By 1970, the broad outlines of common market and common agricultural policy had been completed, and in the decade and a half that followed, the EC continued to expand. Britain, Denmark and Ireland joined in 1973, followed by Greece in 1981, Portugal and Spain in 1986, and Austria, Finland and Sweden in 1995. Over the same period, the EC continued to broaden its activities. In 1979, after years of experimentation with international monetary coordination, agreement was reached on the European monetary system (EMS). This is an arrangement whereby governments agree collectively to stabilize and manage currency exchange rates. Environmental rules, antitrust policy, social policy and regional subsidies developed at a steady rate. In the 1980s, EC members launched the "Europe 1992" initiative to complete the single market, and in the 1990s, they opened a drive to create a single European currency by the end of the century.

EU structure

Perhaps the most striking aspect of the EU is its institutional structure, which more closely resembles that of most modern democracies than it does that of the United Nations or other international institutions. The EU system has four major branches: the Commission, which proposes legislation; the Council of Ministers, which legislates; the European Parliament, which sometimes has the right to veto or propose amendments; and the European Court of Justice, which adjudicates disputes concerning the scope and meaning of EU legislation.

The Commission is an executive bureaucracy based in Brussels and headed by representatives nominated by, but not responsible to, national governments. It employs between 3,000 and 4,000 officials (not including translators and clerical staff)—a smaller number than a modest city government in any member-state. Yet the Commission enjoys considerable power, which stems from its right to administer some policies, such as those that govern competition, and above all to propose legislation to the Council of Ministers. In general, governments cannot act without its prior initiative, except when meeting specifically to amend the treaty.

The Council of Ministers is the most conventional and most powerful EU institution. It is a forum similar to that found in most international organizations. Each member government sends a representative to vote on EU legislation. These votes initially had to be unanimous, and on the most sensitive issues, such as changes to the treaty, they still are. The treaty provided for eventual "qualified majority voting"—a weighted voting system in which Germany's vote, for example, counts five times as much as that of Luxembourg. About 70%–80% of the votes are needed to pass legislation. French President Charles de Gaulle blocked implementation of majority voting in the 1960s because he saw it as an infringement of national sovereignty. Majority voting was not instated until the late 1980s.

The European Parliament is a body of more than 600 members, which has been directly elected by citizens of member nations since 1979. It is divided informally into political parties such as Socialists, Conservatives, etc. and serves as the EU's public forum. It is not the primary source of laws, but it debates the legislation before the Council of Ministers and enjoys the right, under special conditions, to veto and propose amendments to certain pieces of legislation passed by the Council of Ministers—a prerogative it is able to exercise only rarely.

The European Court of Justice is a

body of 15 judges who rule on the applicability of EU law. Most cases are referred to it by national courts. Over the years, the court has succeeded in asserting constitutional status for the Treaty of Rome in Europe; that is, in most cases, European law preempts national laws and is often applied directly by national authorities. This quiet process of legal centralization is not unlike the early development of the Supreme Court in U.S. history.

Reviving integration

By the early 1980s, despite the passage of hundreds of European laws, there was a widespread sense that the EC was stagnating. This, combined with declining competitiveness in high-technology industries, increasing competition from the U.S. and Japan, low growth and rising unemployment, led to a general sentiment of "Eurosclerosis" or "Europessimism." Europe's economic future seemed bleak, as did the future of European integration.

The perception that the EC was irrelevant and weak changed with the Single European Act (SEA) of 1986, which became known worldwide as the Europe 1992 program. Spurred by fears of declining competitiveness, pressure from multinational firms and the political leadership of a new Commission president, Jacques Delors, the act aimed to create a single European market by eliminating nontariff barriers (NTBs) to trade—barriers that result from customs procedures and divergent national regulations. (These include regulations governing the environment, banking and insurance, social security, industrial standardization, food processing, consumer protection and many other areas.) Negotiations over NTBs are often delicate because they affect "behind the border" measures closely related to public purposes or special interests. The Single European Act lumped nearly 300 proposals into a single package to be completed by the year 1992—hence the name Europe 1992. Governments also agreed to eliminate all border formalities throughout the EC.

The Single European Act was unanimously approved at a diplomatic meeting known as an intergovernmental conference (IGC). The IGC, in approving a single market, formally authorized the use of majority voting, instead of requiring a unanimous vote, for most single-market issues. Although British Prime Minister Margaret Thatcher, with the support of the right wing of the British Conservative party, approved the single-market plan, she strongly opposed the move to majority voting on the ground it violated a peculiarly British notion of domestic parliamentary sovereignty and strong prime ministerial rule. She suspected that policies other than single-market initiatives would also tend to be decided by majority voting. But fearing Britain's exclusion from the single market if its opposition grew too strident, Thatcher relented. Along with Europe 1992, IGC approved a program of large financial aid—called structural funds—for poorer EC members (Spain, Portugal, Greece and Ireland, mainly) that might experience particular difficulty adjusting to freer trade. Many tens of billions of dollars were involved; for some poorer recipients, this funding totalled 5%–10% of their gross domestic products (GDPs).

The Europe 1992 plan caught on quickly and revitalized European integration. The vision of a single market without borders galvanized business and public opinion, the passage of legislation accelerated, and a surge in the business cycle, probably unrelated to the program, spurred transborder investment, exports and growth. The practice of majority voting spread to other areas, notably environmental policy. Between 1986 and 1990, Jacques Delors, president of the Commission, became a world figure, treated almost like a head of state, and journalists around the world reported on the progress of European integration.

European leaders—led by the governments of France and Germany, as has often been the case in EC history—exploited the momentum of Europe 1992 to seek agreement on other issues, beginning in 1988. The French government pressed for cooperation on monetary affairs, an area in which France had long sought to stabilize its own currency and gain greater control over German policy. French President François Mitterrand and his ministers proposed that the EC move forward toward an economic and monetary union (EMU)—with a single European currency replacing the franc, deutsche mark (DM) and the others. The German government was more skeptical, but it was prepared to go along if the new arrangements guaranteed that the European cur-

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rency was as stable (non-inflationary) as the DM had been, and if simultaneous progress were made on foreign policy cooperation and the democratization of the EC—both important to Chancellor Kohl's parliamentary supporters and domestic constituents.

In 1989, Kohl, Mitterrand and Delors formed a committee of central bank governors, chaired by Delors ("the Delors Committee"), to study economic and moneary union. Some weak-currency countries like Spain and Greece were skeptical but not enough to block the effort. Only Britain's Thatcher remained opposed. Once again pro-Europe members of Thatcher's own party, as well as the City of London (the banking center of Europe, which feared being left out of EMU), kept Thatcher and her successor, John Major, from opposing EMU outright. The reunification of Germany, which had been divided since World War II into a Communist East and a democratic West, came just after the decision had been taken. That gave governments an extra reason to pursue it: EMU would tie the Federal Republic of Germany to Western Europe during a period of turmoil when Germans might be tempted to choose to go it alone in foreign policy matters.

The Maastricht Treaty

An Intergovernmental Conference, like the one that had met to negotiate the Single European Act, was convened in December 1991 in Maastricht, Netherlands, and it reached unanimous agreement on a Treaty on European Union, generally referred to as the Maastricht Treaty. Governments agreed to move ahead with EMU in 1997 or, if not enough countries qualified, 1999. Within a few years, a European central bank (ECB) would be created and national currencies would be converted into a single European currency.

To qualify, governments had to meet four criteria imposed by the German government: relatively low inflation, budget deficits and debt, as well as no exchange-rate movements vis-à-vis the currencies of other members states participating in the EMU. The British government was granted a special "opt-out" clause, which permitted it to decide at the last moment whether to join.

The Maastricht Treaty also

- authorized a small expansion of the powers of the European Parliament;
- authorized a European social policy from which Britain, in an unprecedented move, opted out entirely;
- expanded the use of majority voting in environmental policy;
- increased cooperation on foreign policy and defense;
- established cooperation on issues of immigration and police cooperation (often referred to as the "third pillar").

Reflecting the disappointment of some countries, notably Germany, at the lack of progress made on nonmonetary issues, the Maastricht Treaty also called for another IGC to be convened in 1996 to discuss further reform. The treaty also changed the name of the organization to the European Union, effective November 1, 1993. Finally, the conference approved another round of structural funds to assure the support of poorer countries, many of which had little hope of joining the monetary union.

European governments expected the ratification of the treaty, largely handled by national parliaments, to go smoothly. In Britain, opposition was expected but was considered manageable. However, when the treaty was submitted to a public referendum in Denmark, it was rejected. Denmark has a tradition of direct participation in politics, a skeptical attitude toward Europe and a strong state social welfare system. Many Danes criticized the distant, undemocratic nature of the EC and were concerned about possible threats to social protection. A disproportionately large number of women, government employees, uneducated, rural residents, Social Democrats and recipients of social security payments opposed the treaty. The Danish vote received much publicity throughout Europe. It stiffened the opposition to the treaty and strengthened the impression that the public lacked control over EC activities—termed the "democratic deficit."

The biggest surprise, however, was yet to come. In France, which had traditionally supported integration, President Mitterrand presided over a deeply unpopular Socialist government. He sought to exploit the treaty to strengthen his domestic support by calling a popular referendum. Polls showed that 70% favored European integration, and he expected the issue to divide his opponents more than his own ruling Socialist coalition. Instead he unleashed a tumultuous public debate that mesmerized the French nation for months; splitting both the Left and the Right. For the first time in a generation, leading French politicians publicly questioned the justification for integration. In the end, the referendum produced only a *"petit oui"* (a little yes)—a slim victory with only 51% of the vote. In May 1993 the Danes held a second referendum. This time they reversed themselves and narrowly supported ratification of a slightly diluted treaty. But the damage had been done: opponents had effectively accused the EC of being undemocratic and distant, of being a pro-business arrangement that promoted unemployment and suppressed social welfare spending, as well as undermining popular control over policy. ■

European policy choices

IN THE WAKE of the Maastricht Treaty and the difficult debate over its ratification, European governments are facing new challenges. Major decisions are to be taken between 1997 and 2002, when European governments will implement plans for a single currency and discuss the first wave of new members to be admitted to an enlarged EU. In preparation for these decisions and in order to fulfill an obligation made at Maastricht, the 15 governments met last year to discuss treaty changes. While some in the Commission have expansive ambitions for the intergovernmental conference, which is not likely to finish until the summer of 1997, the member states generally do not want to place obstacles in the path to economic and monetary union and enlargement, nor provoke a needless domestic controversy by reaching major decisions. In addition, governments are awaiting the results of the British election, which must be held no later than April 1997. It may result in a Labor party government supportive of further integration, particularly in social policy. Hopes for the

outcome of the intergovernmental conference were therefore modest.

Beyond these challenges, Europe faces a number of choices that will help decide what sort of polity it will eventually become. Should Europe concentrate on expanding its membership ("widening") or on intensifying cooperation among current members ("deepening")? Should Europe give priority to increasing democratic participation in institutions or to continuing the efficient, technocratic style of governance that has been successful thus far?

Widening vs. deepening

European governments have begun to consider the prospect of further geographical enlargement. Many countries have been discussed as possible members, including Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Bulgaria and Romania in Central Europe; the Baltic states of Lithuania, Latvia and Estonia; as well as Mediterranean countries like Malta, Cyprus and Turkey. If all were to join, the EU would nearly double in size. Poland, the Czech Republic, Hungary, Slovenia, Malta and Cyprus and perhaps Slovakia are widely considered the primary candidates in a first wave of enlargement, tentatively planned for early in the next decade.

Accession of new members requires unanimous support of existing members. Germany, Austria and the Scandinavian countries have consistently favored enlargement. They trade with and invest heavily in the countries seeking admission, and benefit most from stability in the region. The British government backs rapid enlargement as a way to dilute the pressure to deepen monetary union and expand the European regulatory policies that it opposes, such as the 48-hour work week. Others argue that expansion of the EU will stabilize fledgling democracies in the region—as reportedly was the case when Spain and Portugal joined. There is broad consensus in Europe and elsewhere that the Central and East European countries should be integrated into the world trading system, lest their economies stagnate, breeding political and economic chaos.

As compared to schemes for regional integration elsewhere in the world, Europe is seen as having an advantage—strong, preexisting institutions. Nevertheless, integration of a large number of countries into the existing EU poses unprecedented problems. The per capita GDP of relatively affluent applicant countries like Hungary and Poland is only around 15% of the current EU average. Can such countries with low-wage workers and pronounced social problems accept the regulatory structure and industrial competition of the core countries, let alone monetary integration? Moreover, these differences cannot be offset by programs like the common agricultural policy and structural funds, since they cannot be extended to such countries without a massive increase in funding by the core members. It is not by chance that the countries most skeptical of rapid enlargement have been France, Italy, Spain, Portugal and Greece, which fear increased competition for scarce CAP resources and structural funding.

Cultural differences add another dimension of potential conflict. Although serious consideration of Turkish accession has been postponed, many are openly concerned about the threat to the ideological and cultural unity of Europe should it be admitted.

The inevitable result of enlargement will be an accentuation of the trend toward a "two-track" Europe, with core countries accepting all or most policies and peripheral countries accepting only some. There are several options. Britain has spoken out for an "à la carte" option, where each government chooses policies—except for basic single-market obligations. Yet recognition that EU member-states had an unlimited right not to adhere to certain policies would open the floodgates to a proliferation of opt outs, undermining the EU's legal unity. German parliamentarians have called for a "hard core" scenario, in which a group of countries accepts all EU policies and follower countries agree to accept them as soon as possible.

Even if economic adjustment is possible—and preliminary results suggest that the first wave of prospective members is adjusting well—many doubt that a Europe of some 30 countries can make decisions efficiently. In order to ensure more efficient decision-making, the intergovernmental conference is considering various reforms, including the extension of majority voting to new issues, but this runs up against concerns about sovereignty.

JACQUES SANTER, *President of the Commission*

Democracy vs. efficiency

Is it possible to construct an international organization spanning more than two dozen countries on a democratic foundation? During the controversy over the Maastricht Treaty in Denmark and France, numerous commentators pointed out that the EU is too removed from popular control and oversight to be legitimate. A small, distant group of technocrats in Brussels and judges in Luxembourg, accountable to no one, they complained, are intent on constructing a European superstate. The European Parliament, they point out, has little power and is itself too diffuse and distant, while the Commission and Court are unaccountable technocracies.

Not all hold this critical view. Beneath the surface, most European politicians and many EU bureaucrats maintain that the EU's undemocratic nature is advantageous, because it permits enlightened executives to pursue policies in the general interest that would not otherwise be possible. They note that national governments often "scapegoat" EU officials for unpopular policies, even if the EU has little to do with them. An example is Italy, where governments exploit European rules to impose lower fiscal deficits and monetary stability, widely ackr.owledged to be necessary.

Even if the EU were intent on democratizing, there is no agreement on how it would do so. Some institutions (e.g., an independent EU central bank) simply are not amenable to popular control. The German government, among others, supports democratiza-

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tion by increasing the powers of the European Parliament or by devolving power to regional governments within individual countries; others, notably the French government, would increase the oversight powers of national governments. Both options, but particularly decentralization, would probably slow the EU legislative process.

Those who favor democratization concede that nondemocratic means have led to more "efficient" decisionmaking in the past, but argue that it is impossible to continue making policy in this way, now that the Maastricht debates have exposed the EU's undemocratic nature. Only democratization can restore legitimacy. Other supporters of democracy claim that efficient, undemocratic decisionmaking is unfair, biased and tends to favor certain groups, notably business interests, while inadequately protecting labor and the poor. A majority of business interests tend to support market liberalization and monetary stabilization because they create opportunities for many firms and tend to discipline both wage demands and government spending. EU institutions have been designed to facilitate pro-market policies; they do not facilitate the development of a European social policy. The result has been widespread blue-collar discontent with the EU, reflected in Austrian elections to the European Parliament in October 1996, in which the far-right anti-European Freedom Movement won 28% of the vote, less than 2% behind the mainstream Social Democrats.

Deregulation

Supporters of current arrangements respond that Europe's major economic problem is inadequate labor flexibility and high pay. Hence budgetary austerity, cuts in social spending and wage restraint are necessary to maintain European competitiveness. Deregulation is what Europe needs most. Moreover, for these supporters of a less democratic Europe, wage bargaining and true social welfare on a single European scale are, for the moment, unthinkable. To be sure, unions in high-wage countries like Germany would surely benefit if wages were raised in poorer countries like Portugal, Spain, Ireland and Greece, or even Britain or Italy, but productivity in the poorer countries is too low to support anything like German or Danish wages.

It is thus appropriate, opponents of democratization maintain, that issues touching on financial matters such as wages, benefits and collective bargaining remain firmly off the European agenda, even after the Maastricht Treaty. They also favor continuation of a European social policy limited to measures of secondary importance, such as procedures for informing workers about major management decisions, centralization of company unions, and health and safety measures.

The transatlantic dimension

Traditionally the U.S. has been favorably inclined toward European integration. From the late 1940s to the early 1960s, U.S. leaders viewed the EC primarily as part of their cold-war geopolitical strategy. Even before the European Coal and Steel Community was established in the early 1950s, the U.S. had conditioned Marshall Plan aid for the reconstruction of war-torn Europe on European economic cooperation. U.S. Presidents endorsed European integration even when domestic firms and economic officials remained skeptical, fearing that economic cooperation, particularly in agriculture, would hurt U.S. exports.

This combination of general support for integration and opposition to particular policies that contravene American interests has characterized U.S. policy since 1957. That year the U.S. favored the Treaty of Rome, although the Eisenhower Administration did insist that the EC conform to multilateral rules of trade under the General Agreement on Tariffs and Trade (GATT), which limited the level of the common external tariff.

Four contemporary issues facing Europe have particularly important implications for the U.S. These are the future of the single European market, the common agricultural policy, the economic and monetary union and the common foreign and security policy (CFSP). ■

The U.S. and the single market

THE ELIMINATION of nontariff barriers and integration of the single market have moved steadily forward. Some areas, such as tax policy and regulation of national subsidies, lag behind; but the elimination of customs formalities and the liberalization of banking, transport and even controversial areas like government procurement have been completed. There is widespread agreement that the single market remains the core of European integration, and other policies, such as monetary union, are often defended as means to ensure its health.

The EU, as a single economic trading unit, remains this country's major trading partner. U.S. trade with the EU is larger than trade with Japan (but smaller than trade with all of Asia), and the deficits that bedevil U.S.-Japanese trade do not arise with the EU. The latter is more open than Japan to investment by U.S. multinational firms, which have thus benefited from single-market liberalization and monetary stabilization. On balance, the EU has created trade opportunities for the U.S. Nonetheless, the EU has always existed in tension with the broader multilateral trading system, in which the U.S. has a considerable investment. It is, on the one hand, an area of particular trade integration, but, on the other, it offers specific preferences to its members that are permitted only by exceptions to normal multilateral practices. How will the two overlapping systems interact in the future?

Increasing centralization of European policymaking in the hands of a single, generally liberal regional entity facilitates transatlantic cooperation, though it may also make it more difficult for the U.S. to pressure Europe. This problem could intensify as the EU expands. One little-noted element in the Maastricht Treaty was the strengthening of procedures against unfair trade practices to match the U.S. "Super 301" legislation. This controversial law permits the U.S. to impose sanctions unilaterally in retaliation for what it considers to be unfair trade practices instead of referring the matter to the World Trade Organization (WTO), which succeeded

GATT in 1995. The adoption of a European counterpart may enable the EU to retaliate against the U.S.

The U.S. Congress has also tended to enforce its particular foreign policy preferences extraterritorially, that is, to punish foreign firms for activities taking place outside the U.S. The 1996 Helms-Burton Act, criminalizing trade between foreign firms and Cuba even outside the U.S. and imposing penalties on foreign executives of such firms, is a controversial example. Current discussions over the coordination of U.S. and EU antitrust policies may also raise issues of extraterritoriality and thereby generate conflict.

One EU policy that could continue to have a large impact on transatlantic relations is European control over industrial and antitrust policy, in particular the subsidization of high-technology and uncompetitive firms. One example is the practice of offering subsidies for the production of large passenger aircraft by Airbus, a European consortium, which has caused intermittent transatlantic controversy over the last decade. Airbus has replaced McDonnell Douglas as the second-largest manufacturer of jets in the world after Boeing.

Boeing and McDonnell Douglas argue that government subsidies and the lack of direct shareholder pressures, hidden by murky bookkeeping, constitute an unfair trade practice—a charge European governments deny. Europeans respond that U.S. firms have benefited from military research funds and contracts, which have served as de facto subsidies for passenger aircraft development. Finally, Europeans maintain that Boeing is exploiting a monopoly in certain areas, such as the production of the long-range wide-body 747 aircraft, and using the profits to pay for other subsidies. Whatever the truth, pressure on government budgets and the privatization of national firms, backed by EU oversight, appear to be weaning Airbus slowly off government subsidies.

Perhaps the most important effect of the Europe 1992 proposal has been to stimulate other moves toward regional and transatlantic economic cooperation. Many observers feel that the North American Free Trade Agreement (Nafta) for U.S.-Canada-Mexico cooperation, as well as proposals for Latin American free-trade areas, were prompted by the European challenge, though others feel that such free-trade areas have emerged in response to general pressures for democratization and liberalization.

European and U.S. big-business groups have recently established a "Transatlantic Business Dialogue," which seeks to prod government authorities on both sides of the Atlantic to move toward greater industrial standardization, regulatory harmonization and simplification of border controls—in short, extending some elements of Europe 1992 to the transatlantic relationship. This is a response in part to fears that the U.S. is turning toward Asia and the Americas while neglecting Europe.

Some U.S. commentators have gone further, calling for the formation of an Atlantic free-trade area, or even an Atlantic union.

Common agricultural policy

Although transatlantic agricultural trade is dwarfed by industrial trade, agriculture has been responsible for most of the transatlantic trade conflicts. After the formation of CAP in the mid-1960s, European consumers replaced the grain, poultry and other agricultural commodities imported from the U.S., Canada, Australia, Argentina and elsewhere with higher-priced commodities produced in EC countries. The CAP system also subsidized EC agricultural exports, which drove down the prices the U.S. and other exporters could charge in third markets.

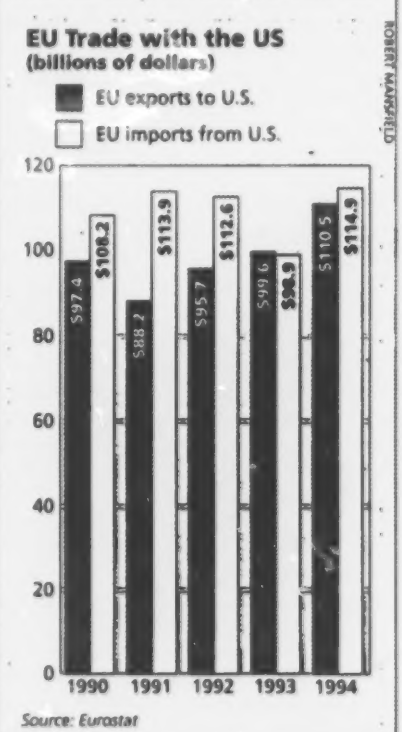
From the start, economists were almost universally critical of the EC's decision to subsidize European farmers at the expense of more-efficient producers in other regions. But European leaders viewed farm supports as a domestic political necessity. In the following decades, the U.S. government put pressure on the EC to cut agricultural subsidies. This led to a series of squabbles foreshadowed by the "chicken war" of 1962. In the 1980s came battles over soybeans, pasta and wine. Such disputes often grew quite heated, with the U.S. threatening to block EC imports. But until the 1990s, U.S. pressure did not result in any fundamental reform of CAP.

With the launching of the final round of GATT trade negotiations in Montevideo, Uruguay, in 1986, the U.S. once again demanded reductions in CAP subsidies, and this time the Europeans were more responsive. The CAP system had created expensive agricultural surpluses that could no longer be sold to European consumers. Moreover, the number of farmers in Europe had steadily declined since 1957 and now formed a much less powerful electoral block in most European countries. Many farmers were satisfied with direct subsidies or alternative employment. Finally, all European governments were under considerable pressure to make budget cuts. The EC agreed to cut subsidies on certain key products by more than 20%—the first major victory for U.S. trade policy in 30 years of fighting CAP. Last-minute opposition from French farmers and the French film industry grabbed global headlines, but the core of the agreement survived intact.

The prospects for further cooperation in this area are mixed. Continuing pressure in the European Union for cuts in agricultural subsidies should produce some results. But even if the full CAP price-support system is not extended to new entrants, preferential access for European commodities to new entrants will come at the expense of U.S. farmers.

The transition to EMU

A decision will be taken in 1997 on whether a first group of qualifying countries will move toward a common cur-



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rency between 1999 and 2001. The difficulty in making the transition to European monetary union stems from the fact that the European central bank system is patterned closely on the German system instead of reflecting the views and traditions of other European countries. Not only has Germany insisted that the ECB system be more autonomous and independent than any national system, but it has demanded strict guidelines to limit budget deficits.

Some countries have made severe cuts in government spending and raised interest rates in order to reduce inflation and budget deficits to acceptable levels, but others have been unable to meet the criteria—and the German government is not prepared to compromise. The expectation is that Germany, France, the Netherlands, Luxembourg, Denmark and perhaps Belgium will be in the first "core" group, while others might qualify and join later. Many countries, even potential outsiders due to failure to meet convergence criteria like Italy and Spain, have used the prospect of being relegated to a second tier of European states as an excuse to impose austerity measures favored by many economists.

A two-tier system is not necessarily a negative outcome. Most economists believe that the EMU should not cover all EU countries, at least in the beginning. Some believe that only a small number of core countries currently have sufficiently similar economic patterns—business cycles, inflation, government spending, wage demands—to tolerate a single currency well.

EMU presents unprecedented and largely unknown challenges for the U.S. The U.S. dollar represents 50%–60% of reserve assets in the world today. A large percentage of world trade is denominated in dollars. The result is that the U.S. is better able to run foreign deficits, and the excess dollars are soaked up by foreign governments or foreign traders. This is the case, even though the U.S. dollar has been depreciating against foreign currencies for decades.

Some fear that the creation of a common European currency might place greater pressure on U.S. domestic monetary policy and perhaps even destabilize global monetary arrangements. A unified European central banking system will require smaller reserves than the current system of national central banks. If these excess reserves are suddenly dumped on world markets, the value of the U.S. dollar might be undermined, forcing the Federal Reserve to raise interest rates to defend it. Traders and financiers might also be tempted to denominate imports and exports in the new European currency, thus shifting greater risk to U.S. firms. Should international economic actors suddenly lose faith in the dollar, the results could be destabilizing. Close coordination among central banks and U.S. Treasury officials is widely viewed as essential.

Europe as superpower?

EU governments have long cooperated on foreign economic policy—a necessity due to the common external tariff. The EU countries must also cooperate if they are to impose trade sanctions; however, in practice it tends to be difficult to gain assent from all 15 members. In addition, EU member governments engage in extensive informal discussion and coordination in the UN and other multilateral forums. Due to the sensitivity of governments to any loss of sovereignty over foreign policy, this "cooperation" is conducted without legal voting and formal participation or oversight by EU institutions, like the Court or Commission. Such cooperation raises few concerns for the U.S., though disagreements periodically arise on specific issues.

The Maastricht Treaty, negotiated in the wake of the first evidence that the Yugoslav crisis would erupt into full-scale war, marked a step forward for the EU toward tighter foreign policy cooperation. A majority of EU governments favored more institutionalized arrangements for foreign policy coordination, perhaps including binding majority voting.

The Maastricht Treaty also envisages tighter cooperation on defense issues through the Western European Union (WEU), a largely inactive organization created in the late 1940s. Despite the rhetoric of certain politicians, no government openly supports replacing NATO as the dominant military organization in Europe. A minority of countries, notably France, has spoken in favor of a parallel European military force, with capability for independent action.

The U.S. has traditionally adopted an ambivalent position toward defense cooperation among European countries. In the early 1950s, the U.S. strongly supported the European Defense Community, but after it failed and West Germany was admitted to NATO in 1955, the U.S. government tended to view alternative European defense arrangements as threats to the transatlantic organization. During the cold war, a high premium was placed on central planning, clear hierarchy, ideological conformity and, above all, nuclear weapons on the front lines in Europe. If a Soviet attack had ever occurred, the failure of even a single country to participate in the common NATO defense might have been disastrous. The U.S. sought to maintain operational control over NATO military forces and tight oversight over allies.

Today the challenges facing European defense are different, and it is far less clear that such a hierarchical structure is in the U.S. interest. With the Russian threat receding, the integrated NATO military structure has become an insurance policy. NATO is seeking new missions, which include symbolic domestic reassurance, peacekeeping and counterterrorism actions in any one of hundreds of small areas of Central and Eastern Europe. There remain a few tasks that require universal participation: control over dangerous nuclear substances and deterrence against a residual Russian threat. But most place a lower premium on universal participation. Finally, cynical as it may seem, the Bosnian crisis suggests that there are few circumstances under which European governments are prepared to intervene militarily. If European governments hesitated in Bosnia, is there any likelihood of Western intervention in Ukraine, Georgia or Azerbaijan?

In situations like the current Bosnian crisis, is it more important that governments have the flexibility to act as they choose, rather than forcing a universal response that may be blocked by any NATO member-state? Many analysts believe there is no reason why actions in Europe should not be limited to those governments that feel a particular interest—a "coalition of the willing," as EU terminology puts it. A firmer "European pillar," even if were able to act autonomously, might well strengthen and diversify NATO, while reducing the need for constant and costly U.S. involvement.

Such institutional differences may in fact mean less in practice than on paper.

European governments remain highly dependent on American NATO assets for transport, reconnaissance and support aircraft, as well as diplomatic backing. NATO decisions are taken by unanimity and it is unlikely that the U.S. would authorize the diversion of its military assets in any case judged to contravene the national interest. A more independent European defense policy, including the development of European transport, air and space resources, would cost some 1% of European GDP—a political impossibility at a time when budget cuts are critical. With the exception of areas where Europe can act alone—for example, small-scale military observation, peacekeeping or perhaps sanctions—the U.S. and its European partners are compelled to cooperate for the foreseeable future.

The future of Europe

Today almost no major European politician espouses publicly the goal of creating a "United States of Europe," as was often heard in the 1940s and 1950s, though some surely continue to hold the ideal in private. Instead, European integration has entered a difficult period of balancing different values: widening and deepening, democracy and efficiency, unity and diversity, centralization and regionalization. The end point of integration is more unclear than ever. Criticisms of what used to be widely accepted verities—such as the need to prevent war in Europe through integration—have sprung up.

It would be easy for foreign observers to conclude that the process of European integration is faltering, yet precisely the opposite is true. Current obstacles to further development of the EU are the fruits of its ongoing success both in deepening existing policies and in attracting neighboring countries. Integration is not a linear process, but instead a political experiment unique in world history.

Even if the goal is not a European-wide nation state on the 19th- and 20th-century model, but instead a novel form of international cooperation, the EU and its relationship with the U.S. are sure to be increasingly important elements in world politics for many decades to come. For the U.S., the EU experiment not only poses policy challenges and increases uncertainty about the future American role in Europe, but it also poses questions about the way the country views national sovereignty. To the U.S., Europe is perhaps above all a challenge. America is becoming ever more economically interdependent and, in particular, ever more closely tied to Canada, Mexico and Japan. In regional and multilateral affairs, the U.S. has begun to adopt some of the same institutional tools with which Europeans have so much experience. Both the new World Trade Organization and Nafta have binding-dispute-resolution panels, which must strike a delicate balance between competing domestic objectives, such as freer trade and environmental protection. Conservative critics in the U.S. such as news commentator Patrick Buchanan defend U.S. national sovereignty against such international organizations in much the same terms that statesmen like de Gaulle and Thatcher once used to criticize the EU. Thus, for U.S. citizens and statesmen, the integration process unfolding in Europe may not simply pose a challenge; it may point the way to America's own future in an increasingly interdependent global economy.

U.S. policy options

How should the U.S. respond to the deepening of European integration in single market, monetary and defense matters, as well as expansion to the east and south?

❑ **1. The U.S. should strengthen its own Western Hemisphere regional organizations.**

Pro: The sort of intensive regulatory cooperation that underlies trade agreements today is impossible to negotiate on a world level, so a Western Hemisphere arrangement would be superior. Moreover, regional integration in the Americas gives the U.S. greater bargaining power with both Europe and Japan.

Con: Regional arrangements undermine the multilateral trading order on which all countries depend. Moreover, the U.S. has more in common with the advanced industrial democracies in Europe, with whom regulatory cooperation is feasible, than with Japan or the developing countries of the Americas.

❑ **2. The U.S. should strengthen the multilateral trading system.**

Pro: The pursuit of multilateral free trade and monetary flexibility, as most free-market economists would agree, is the best course for the U.S. If regions grow more closed, they will tend to pursue protectionist policies.

Con: The multilateral system is too diverse, with 50 to 150 members, depending on the issue, and would be overloaded by highly technical, detailed negotiations. Regional integration is not necessarily incompatible with the mutilateral trading system.

❑ **3. The U.S. should oppose European integration outright.**

Pro: Integration poses a monetary and military threat to the U.S. by undermining the global role of the dollar and the unity of the West under NATO, an organization that provides the U.S. with unprecedented influence.

Con: Opposition to such a well-established institution as the EU is futile and potentially disruptive. The expansion of integration to the East is likely to be stabilizing, while monetary and trade integration creates opportunities for U.S. firms.

❑ **4. The U.S. should form a transatlantic union.**

Pro: Regional blocs are exclusionary and undermine U.S. influence. A transatlantic union would formalize regulatory cooperation among the most closely integrated Western countries and assure continued U.S. influence.

Con: Transatlantic union is unrealistic and would require detailed institutional integration. Even if it were constitutionally permitted, would regulators of automobile emissions in, say, California accept the dictates of a common transatlantic organization based in, say, Bermuda? The U.S., instead, should pursue continued flexible cooperation with European regulators, which seems to work well.

❑ **5. The U.S. should develop unilateral policies and prepare to "go it alone."**

Pro: The U.S., a large country with a sizable internal market, should exploit its bargaining power and expand its unilateral tools of trade policy, playing Japan, Europe and its North American neighbors off against each other.

Con: No country can control the world political economy; cooperation is necessary. The current system works well without risking permanent trade wars in which all countries might end up losers. ■

Opinion Ballot on page 89

DISCUSSION QUESTIONS

1. Do you see European integration as helping or hurting U.S. interests? Which is more likely, in your opinion—greater transatlantic cooperation or greater competition in coming years?

2. Would the U.S. accept as part of Nafta the sort of legal, institutional and administrative limitations on sovereignty and autonomy imposed by the EU? A single currency, antitrust policy, agricultural support system or common environmental policy with Mexico and Canada, for example? Is the U.S. ready for transatlantic union, in your opinion?

3. What are apt to be the major sources of transatlantic trade conflict over the next decade? What steps might the U.S. take to avoid such conflicts? What steps might it encourage the EU to take? Is it realistic, based on the historical record, to expect the U.S. to have a significant influence over EU policy?

4. What are the advantages for European member-states of widening the geographical scope of the EU? How will U.S. interests be affected by the expansion of the EU?

5. Under what conditions should new countries be admitted to the EU? Are there inherent economic and cultural barriers to integration? Is there an optimal size for the EU? Is the EU moving toward a "United States of Europe"?

6. What opportunities or what dangers does EMU pose for the U.S.? How should the U.S. respond?.

7. What are the advantages or disadvantages of having more than one organization coordinating European defense policy? Is it in the U.S. interest to encourage further foreign and defense policy cooperation in Europe? Under what conditions might an EU policy conflict with that of NATO or the U.S.?

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Environmental threats to stability: the role of population growth

Rapid population growth, degradation of resources and damage to the environment produce instability. If present trends continue, will the earth be able to support another 4 billion to 5 billion people?

by Gail Robinson and William Sweet

SCHOOLCHILDREN IN A VILLAGE *near Most, Czech Republic, wear masks to shield them from air pollution. Although air pollution has abated in some areas, it remains a health and environmental hazard in many countries, rich and poor alike.*

THIS YEAR commemorates the 5th anniversary of the Earth Summit, held in Rio de Janeiro, Brazil, in June 1992. Among the concrete achievements of the conference were a statement of principles called the Rio Declaration on Environment and Development and a program of action, Agenda 21; the Global Warming Convention to voluntarily keep emissions of greenhouse gases in the year 2000 from exceeding 1990 levels; and the Biodiversity Convention, designed to curb losses of animal and plant species. Even more importantly, the Rio Declaration sanctified the notion that economic growth can and must be managed so that the world's limited resources are preserved for future generations.

If a country's or region's total production can be increased fast enough so that it keeps pace with population growth without leading to depletion or degradation of local resources, or damage to global ecosystems, then development is sustainable. Implicit in that is the notion that the steady alleviation of poverty is crucial to preventing deterioration of world resources.

To what extent can the world now be said to be on a sustainable path so that resources are in fact being preserved to accommodate a world population that will approach 10 billion by the middle of the next century? Can the rate of population growth be lowered so that the total will not go higher than 10 billion? And how can that many people be sustained without damaging the natural systems that support life?

Looking just at world resources—land, water and air—a highly ambiguous picture emerges. In many parts of the developing world, agricultural land and freshwater supplies are acutely stressed, forests are decreasing, and urban areas are often severely polluted. And in many parts of the highly industrialized world, which accounts for 20% to 25% of the globe's people who consume 75% of the world's goods, water for agriculture is being used at unsustainable rates, forests are not being replaced and fisheries are overfished. As for the atmosphere and climate, the heavy reliance on fossil fuels for energy and transportation in industrialized countries poses a threat. Despite all this, it is not clear that the world is in imminent danger of irreparably damaging or exhausting its resources.

When the world is evaluated from the perspective of population, on the other hand, the situation is clearer. Major reports completed in 1996 under United Nations auspices have found that while some parts of the world have dramatically improved the lot of their peoples, others have fallen behind. As it happens, the parts of the world that have done most poorly economically are also those where projected population growth rates are the highest, so there is a vicious cycle of resource degradation and impoverishment. At the same time, in some parts of the world that are

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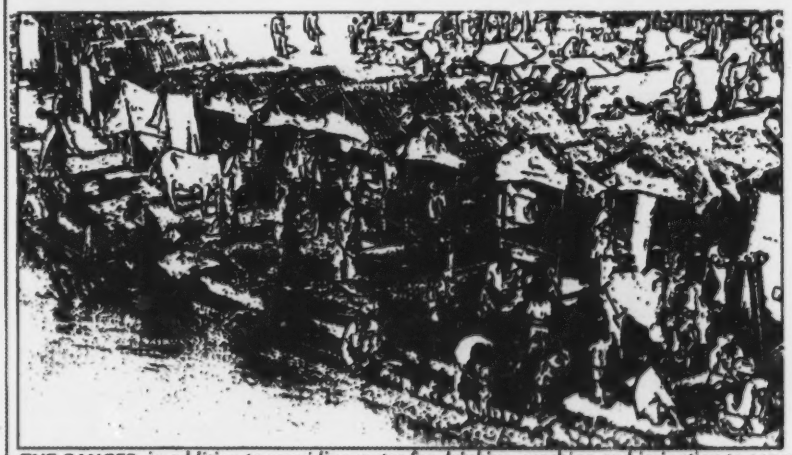
growing fastest economically, such as China, while growth in production may be outstripping population increases, some experts foresee environmental catastrophes of the kind witnessed in the former Soviet Union.

Given the evident threats to stability, are Americans doing all they can to address situations in their own country and elsewhere where population pressures and poverty bear down most heavily on local environments? ■

Pressure on resources



THE GANGES, *in addition to providing water for drinking, washing and irrigation to some of the most densely populated areas of India, is the most sacred river of Hindu India. The Ganges at Hardwar (above) in Uttar Pradesh is a holy bathing site.*

"THE WARS of the next century will be over water"—not oil or politics. So says Ismail Serageldin, environment vice-president of the World Bank. At present, 40% of the world's population—or more than 2 billion people—lack access to clean water or sanitation.

Agriculture currently accounts for about two thirds of world water use. In the U.S., groundwater supplies about half of all agricultural irrigation needs and one third of industrial water needs. As the demand for agricultural land rises, irrigation water will have to be transported longer distances in increasingly expensive ways.

Serageldin forecasts that by 2025 the amount of water available to each person in the Middle East and North Africa in their lifetime will have dropped by 80%. In the U.S., the High Plains aquifer system, which supplies about 30% of the groundwater used for irrigation across the country, is being steadily — and in places like northwest Texas, radically—depleted. In contrast to most other basic resources such as oil, there is no real substitute for water. The amount on earth is fairly constant, and there is little humans can do to boost its physical supply, although they can alter its management.

Some experts assert that these observations, while true, can lead to an unnecessarily bleak assessment of the situation. The American hydrologist Robert Ambroggi says, "The total quantity of freshwater on earth exceeds all conceivable needs of the human population." The problem is that water is not distributed evenly and often is not used efficiently. Many city systems leak 30% to 50% of their water underground. A recent study by the U.S. National Research Council and the Mexican Academies of Science and Engineering said that eliminating leaks in Mexico City's water system could provide as much water as tapping into new sources.

In conventional irrigation, about half the water never gets to the roots of the plants, but innovative systems such as drip irrigation can boost the figure to about 95%. Smaller-scale techniques, such as microdams, shallow wells, low-cost pumps and methods of conserving water and soil are getting more attention.

One remedy, though it can be politically explosive, is to meter water and make it more expensive in order to encourage more efficient use. Another is to make use of wastewater. In Israel, for example, Tel Aviv's wastewater is treated and used to water crops in the western Negev.

Beyond its immediate use to humans, the state of the world's freshwater is a key indicator of the planet's environmental health. Although freshwater accounts for only 1% of the earth's water, it harbors 12% of all animal species, including 41% of fish species. These freshwater areas are threatened by a number of factors besides excessive use, including damming and chemical pollution.

While less vulnerable to pollution, the world's saltwater fisheries are also endangered, largely by overfishing. According to the UN Food and Agriculture Organization (FAO), between 1950 and 1994, the amount of fish harvested in the world increased almost fivefold and the harvest per capita more than doubled. Some species are already in short supply, spurring conflicts and even occasional violence as nations fight each other for rights to the world's richest fisheries. In 1995, Canadian patrol boats seized Spanish boats fishing in international waters off Newfoundland, offering a glimpse of what can be expected when resources once taken for granted become increasingly precious. A treaty was recently negotiated between all the fishing states to curb overfishing. It is considered a weak but necessary first step.

Agriculture and forests

Wars and disputes over land are as old as mankind. In terms of pure physical space, there is no real shortage of land on earth, but much of the earth's land is unfit for cultivation, without water or other resources. The real concern about land is whether enough of it is arable to grow a sufficient amount of food to feed the world's people. The proportion of cultivated land has been increasing, but at a much slower rate than population growth. Although there is a decline in cultivated land per capita, this has been more than counterbalanced by increases in crop yields. But this situation could be changing.

The number of hectares (one hectare equals 2.47 acres) used to cultivate grain peaked in the early 1980s at about

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725 million and has declined since then to about 690 million, according to the Worldwatch Institute, a Washington-based environmental think tank. Some land has severely eroded and can no longer be farmed. Drought also plays a major role. A document distributed at a recent UN conference on forests said that desertification—the stripping of agricultural capacity from the land due to drought and overexploitation—is forcing some 3 million people to migrate every year. The problem is particularly severe in Africa, but droughts in the past five years have also raised concerns in Europe, particularly Spain.

The quest for prosperity, involving as it does urbanization and industrialization, also threatens the land. China reportedly has lost 1% of its cropland to factories, roads and housing since the economic reforms of 1978. Nevertheless per capita food production increased by 45% between 1978–81 and 1993, thanks to a major increase in agricultural production per unit of cultivated land. In many other countries, rural people are pouring into cities hoping to improve their economic situation. They are pushing the boundaries of cities such as Bangkok, Thailand, into the countryside.

Progress in war on hunger

As a result of growing world population, the amount of grainfield per person dropped dramatically from about 0.6 acres per person in 1950 to about 0.3 acres in 1995. Despite this—and although the absolute number of hungry people continues to grow—a smaller percentage of the world's people are hungry today than was the case a few decades ago. Worldwatch estimates that fewer than one in five people goes hungry today compared to one in three in 1969. This has been due to high-yielding varieties of seeds, improved irrigation methods and expanded use of chemical fertilizer and pesticides—the so-called Green Revolution, which enabled farmers to make their land far more productive. From 1961 to 1966, for instance, Indian farmers increased their production by 500%, even though the amount of land under cultivation went up only 80%. But now, some experts warn, the benefits of that revolution are leveling off, and unforeseen costs are appearing. A major problem in many countries is the lack of roads needed to distribute agricultural products and the lack of storage facilities, resulting in high rates of spoilage.

Subrata Sen, writing in *The Statesman* of Calcutta, said of the Green Revolution's impact on India: "What we did not think [of] at the implementation stage is the future fallout." He continued, "As a direct fallout of the Green Revolution, combined with rapid urbanization, the country is depleting its forest cover and water reservoirs."

Even if Sen's outlook is unduly bleak, the stabilizing of yields combined with growing population have led some to fear a world food crisis. Jacques Diouf, secretary-general of the FAO, has warned, "World food production will have to increase by more than 75% over the next 30 years to keep pace with population growth. We must prepare now to feed about 9 billion people by 2030, up from about 5.8 billion today."

But the Green Revolution proved the doomsayers wrong in the past—and some believe similar advances could avert a world food crisis. Dennis T. Avery of the Hudson Institute, a think tank in Indianapolis, Indiana, believes new acid-tolerant seeds could make up to a billion acres of previously unusable savannah land suitable for growing crops and raising cattle. By eliminating diseases that kill trees, timber yields can be increased by 20% to 30%. Biotechnology and genetic engineering could unleash previously undreamed of production by creating hardier, more adaptable crops and reducing waste due to spoilage, although the expense and inaccessibility of these technologies could limit their usefulness in poor countries.

Paul E. Waggoner, a scientist at the Connecticut Agricultural Experiment Station, notes that there is still a large amount of good idle land, particularly in the U.S., South America and Europe, and that much can be gained by convincing people to switch diets from meat to vegetables and grains. (The trend, however, tends in fact to be the opposite: as people become more affluent, they buy more food and eat more meat and fish, which previously were luxuries.)

Focus on forests

Even allowing for the possibility of a continuing technological revolution in agriculture, pressures on land and forest will remain severe because of population growth and inequities in ownership. Forests, particularly in tropical areas, are diminishing. Between 1980 and 1990, the world lost an average of 10 million hectares of forest a year.

After the Rio conference—and an international flurry of publicity and concern about deforestation—it seemed that the problem might be abating, particularly in the Amazon region. But figures released recently by the Brazilian government indicate that the reprieve was at best temporary and tied mostly to an economic downturn in Brazil. Fires and logging have reduced the Amazon

RAIN FOREST *near Belem, Brazil: Despite the worldwide attention paid to the environmental hazards of deforestation at the Earth Summit, fires and logging have destroyed an area of Amazonian rain forest the size of Denmark since Rio.*

IN CONCEPCION, *on Chile's Pacific coast, machinery accelerates the denuding of a hillside.*

rain forest by an area the size of Denmark since the Rio summit. Besides reducing the world's stocks of wood and permanently destroying unique habitats for thousands of species, the fires are a major source of carbon-dioxide emissions that pollute the atmosphere and threaten to make the globe warmer. (The gases making up the atmosphere act like the glass of a greenhouse, trapping heat from the sun and warming the earth; as the concentration of those gases increases, the world is expected to get warmer.)

Energy and atmosphere

In 1995, the Intergovernmental Panel on Climate Change (IPCC)—an international network of experts—issued a multivolume report in which hundreds of scientists affirmed that human activity was causing the globe's climate to become warmer. Top scientists now believe that the earth's average temperature might go up by 1.5°C–2°C in the next half century and conclude that would be enough to cause major disruptions: violent and unpredictable weather, more or less drastic shifts in the areas most suitable for agriculture, coastal erosion, deleterious health effects, and so on. At present, carbon-based fuels used in power production and transportation account for close to two thirds of the greenhouse gases warming the atmosphere. Therefore, the main policy issue is how to ensure adequate energy for the long term and at the same time reduce carbon-dioxide emissions that threaten climate change.

When petroleum prices first soared in the early 1970s as a result of an Arab oil boycott, many utilities reacted by placing orders for large nuclear power plants, which—had the trend continued—would have lessened the world's reliance on greenhouse-gas-emitting fuels. But the trend to nuclear power soon floundered, partly because of unresolved safety and environmental questions, partly because of political opposition, but mainly because the large power plants proved much more costly to build and operate than initially assumed. Today, the dominant trend is increased reliance on natural gas. Using technology adopted from jet-aircraft engines, the major manufacturers of power plants learned to make relatively inexpensive and efficient gas turbines. According to the German Siemens Corp., gas is now the most popular choice for new power plants.

While the use of natural gas contributes to increases in greenhouse gases, the size of the increase per unit of energy is small compared with oil and especially coal. With world reserves of natural gas still abundant, its use is certain to keep increasing, at least for several more decades. Between 1970 and 1990, according to figures compiled by Worldwatch, production of natural gas doubled, and since the early 1980s its price dropped by a factor of more than two.

Some energy analysts predict that the world is destined to have, in the not-too-distant future, a carbon-free-energy economy. Looking back over past millennia, the world has repeatedly shifted to fuels that are less carbon-intensive and less polluting per unit of energy produced: from wood to coal, from coal to oil, and—now—from oil to gas. But global carbon emissions still are increasing at a rate of about 1.6% per year. To achieve a largely carbon-free economy, a way would have to be found to convert hydrogen directly to energy, or new life would have to be found for nuclear energy.

A very promising set of developments in 1995–96 came out of research on the new "high-temperature" superconductors, materials that can conduct current at no electrical resistance. Almost every significant player in the field—companies and labs in Europe, Japan and the U.S.—had announced major breakthroughs in the fabrication of the new materials into cables and wires capable of carrying large currents in the presence of high magnetic fields such as are found in motors and transformers. And so, in the first decades of the next century, introduction of these materials in applications such as transmission cable, motors, transformers and generators almost certainly will yield energy savings.

Greenhouse gases

In the same period, however, some regions of the world, notably China, India and much of the rest of Asia, will continue to rely ever more heavily on coal to fuel electric-power plants and for steel production; and the world as a whole, but especially highly industrialized countries such as the U.S., will continue to make heavy use of oil for transportation. Without special incentives to curtail the burning of coal, to improve conservation and efficiency in the production, transmission and use of all kinds of energy, and to encourage alternatives to the internal-combustion engine—electric or hybrid-electric cars, for example, and mass transit—it will be very difficult to meet the targets for reducing greenhouse-gas emissions set by international consensus in Berlin, Germany, in 1995 and Geneva, Switzerland, in 1996.

During the talks on a climate treaty in Geneva in July 1996, the Clinton Administration took other nations by surprise by endorsing mandatory limits on greenhouse-gas emissions. It remains to be seen whether the government will propose some kind of carbon tax for the country. Sweden, for example, introduced a carbon tax in 1990 and, in March 1996, doubled it for industry. At the same time it offset the tax increase with other tax reductions, so as to keep the net effect "revenue-neutral" to help protect employment and economic growth.

The Minnesota legislature is considering such a tax-shifting proposal for gasoline. European countries and Japan have much higher taxes on gasoline than the U.S. ■

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Demographic dilemmas

EVEN THOSE most sanguine about the ability of human ingenuity to keep pace with rapidly growing population have to admit that the world faces a very tall order in the coming decades. As Jesse H. Ausubel, director of the Program for the Human Environment at Rockefeller University in New York City, noted in a recent issue of the journal *Daedalus* devoted to the environment, "in the coming interval of a few decades, human society will need to house, nurture, educate, and employ as many more people as already live on earth."

Global population profile

Total fertility rates are now declining everywhere in the world, including sub-Saharan Africa, according to the UN Children's Fund (Unicef) report *The State of the World's Children: 1996*. Numbers of births appear to be peaking in South Asia and are expected to level off everywhere early in the next century, except in sub-Saharan Africa. But with infant mortality rates coming down almost everywhere except in the former Soviet bloc, with life expectancies rising almost as impressively and with a large proportion of the world's population of childbearing age, reflecting past fertility, total population will continue to grow well into the next century.

Moreover, the growth will not be evenly distributed. Estimates are that Africa, which now has about as many people as Europe, will be three times as populous within a generation. Some 95% of future population growth is projected to occur in the developing countries, most of it in the poorest, and mainly in cities. Between 1960 and 1993, the proportion of the global population living in cities and towns increased from 34% to 44%, and by 2000 it is expected to be 47%. Almost all this increase will be in the developing world, where urban areas are growing by a million inhabitants a week.

Urbanization trends began to arouse concern in the 1980s when in some Latin American countries up to half the total population was living in the capital city. By then, places like Mexico City and São Paolo, Brazil, were exhibiting high levels of congestion and pollution and severe shortages of jobs, schools, water, health and other basic services. But urban agglomerations have been leveling off in some of those countries in the 1990s, and many demographers suspect that urbanization trends in East Asian and Latin American countries will replicate the experience of the advanced industrial world.

What may be more destabilizing is the steep rise in the percentage of young people in some parts of the world and of older people, in others. In Africa, 44% of the population is under 15 years of age. The lack of social services, high rates of unemployment and discontent can create a combustible mix.

In the industrialized countries of Europe and North America, as well as Japan, the situation is the reverse: the rapidly growing percentage of older people is placing heavy burdens on health and social security systems, with too few to pay for them. In Japan, there currently are six workers for every retired person, but in 2025 the projected ratio will be just two workers per retiree.

Many students of such trends predict growing strife for the advanced industrial countries, as young and old compete for social resources. In the U.S., which has one of the highest population growth rates among industrialized countries—over 3 million a year, including 1 million immigrants—the federal government spends nine times as much per older person than per child.

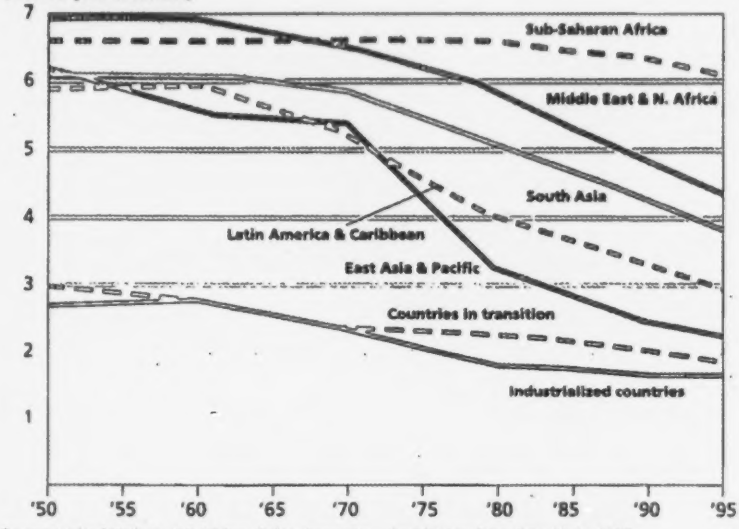
Regional trends

As a crude indicator of how well economic development has been keeping up with population growth, the UN Development Program's (UNDP) *Human Development Report 1996* observes that about a quarter of the world's people are living in countries where per capita income is lower than it was in previous decades, while three quarters are in countries that as a whole are better off than ever before.

The regions that are generally worse off include sub-Saharan Africa and most of the former Soviet bloc—but also many Arab nations and much of Latin America. Those better off include the countries of Europe and North America, the very fast-growing "tiger" economies of East Asia, and China and India. The latter two account for nearly two fifths of the world's 5.8 billion people.

China, which is rated by UNDP as

Total Fertility Rate
(births per woman)



Source: United Nations, *World Population Prospects—the 1994 revision*, New York, 1995

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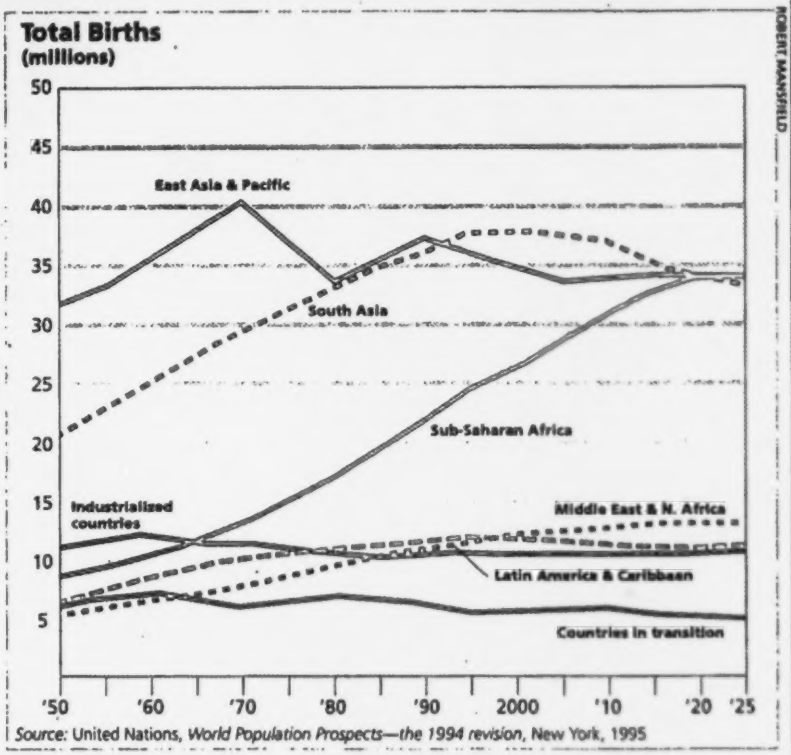

Source: United Nations, *World Population Prospects—the 1994 revision*, New York, 1995

"medium" in terms of overall human development (a composite index based on longevity, educational attainment and standard of living), has seen its real per capita income increase threefold since 1960. In India, rated "low" in terms of human development, average income has just about doubled in that period. The number of births per Indian woman dropped from six to four between 1960 and 1992–93 and is now approaching three. Despite this decline, India is expected to surpass China as the world's most populous nation in the middle of the 21st century.

UNDP also has devised "capabilities" measures to show how able people are to take command of their own lives and participate effectively in their community affairs. Factors such as literacy of women and maternal and child health figure prominently in these calculations. In the developing world as a whole during the past two decades, it reported, the proportion of girls in primary and secondary schools went from less than 4 in 10 to 7 in 10.

In Latin America, between 1970 and 1993, adult literacy went from 71% to 86% and infant mortality declined from 69 per thousand live births to 45. In South Asia, on the other hand, almost two thirds of the women are still illiterate—a major obstacle to family planning and improved use of resources.

In the Arab states, contrary to some stereotypes, the ratio of secondary school enrollment of girls to that of boys increased from 47% to 77% between 1970 and 1990. Moreover, among women attending institutions of higher learning, close to a third are now studying natural or applied sciences. Meanwhile, from 1960 to 1993, infant mortality dropped from 167 per thousand live births to 66.

In sub-Saharan Africa, in the period 1960 to 1993, life expectancy at birth increased from 40 to 51 years and infant mortality per thousand births dropped from 167 to 97. With more than 18 million people estimated to be HIV-positive and six infected women for every four infected men, maternal mortality is the highest in the world—over 900 per 100,000 live births, as compared with 33 per 100,000 in the industrial countries. While the rate of adult literacy has more than doubled in the last two decades (to 55%) and secondary enrollment of females has quadrupled (to 32%), only half of the pupils who initially enter grade school complete the fifth grade.

Threats to stability

Even in a world grown callous to suffering, the carnage in the central African nation of Rwanda, which began in April 1994 with the genocidal slaughter of Tutsis by Hutus, has been appalling. Competition for land and resources, in a country whose population is growing at the rate of 3.7% a year and where less than a third of the land is arable, helped ignite ethnic warfare. Some fear that tragedies like Rwanda's, which has spilled over into Burundi, Uganda and Zaire, will be repeated again in coming years.

Robert D. Kaplan, in his recent book, *The Ends of the Earth: A Journey at the Dawn of the 21st Century*, argues that conditions conducive to collapse will soon affect large countries such as Pakistan and some Middle East nations and result in a flight of their people—along with diseases and drugs—to prosperous countries such as the U.S.

Reviewing Kaplan's book in *The New York Review of Books*, historian Paul Kennedy wrote, "his unsentimental journey is indeed to the most troubled parts of the globe.... Yet...one could conceive of an entirely different world tour, beginning perhaps in Costa Rica, the 'model democracy' of Central America, then going on to Chile, the trailblazing economic reformer of South America, then Botswana, the prosperous and stable democracy in Africa's southern cone, then Bangalore, now the second-largest producer of computer software in the world, then Singapore, with a standard of living equal to Europe's, then Taiwan... ."

But Kennedy himself has observed in his book on the coming century that "it is Latin America's, South Asia's and Africa's population explosion that is the major cause for the overgrazing, soil erosion, salinization and clearing of the tropical rain forests which, while contributing to global warming, also hurt the local populations and exacerbate regional struggles for power." And Kaplan has eloquently described, in his discussion of Egypt, how easy it is to overlook this crucial factor: "Demographic pressures never reveal themselves as such: People don't demonstrate in the streets or attack others because they believe their region is overcrowded. The crush of humanity invites scarcity, whether in food, water, housing or jobs."

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People facing scarcities in their home areas are naturally tempted to go elsewhere in search of jobs and sustenance. This migration, both within and between countries, is a source of tension in virtually every part of the world. Many people simply leave a depleted area in their home country to go to similar, but less-depleted, sections nearby—usually within the borders of the same country.

Migration between countries—and not all of it from poor nations to rich—can cause the most tensions. Mexico has recently become a destination for immigrants from even poorer nations of Central America as well as from China. Since the 1970s, 10 million Bangladeshis have left their country to go to areas of India with better growing conditions. In Asia today, an unprecedented number of workers are on the move, with people going from a poor country to a slightly less poor one.

Slowing the growth rate

Given the stress population growth puts on resources, it seems clear that limiting population growth is desirable. In fact, much progress has been made. The rate of population growth has slowed from its peak of about 2% a year in the 1970s to about 1.5% a year currently. And even the absolute number of people added to the world's population declined slightly in 1995—87 million as opposed to 88 million in 1994.

The practice of birth control, assisted by family-planning programs, and the widespread availability of contraceptives have been the major factors turning the tide. In a number of developed countries, fertility rates have gone down to the point where there is no significant population growth. Thailand, South Korea, Cuba, Barbados and Uruguay are approaching that level.

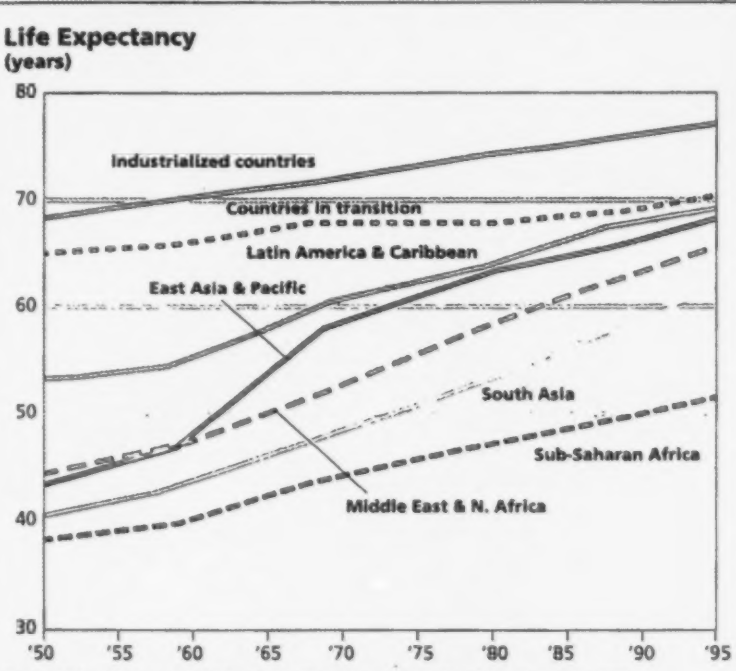
Even in some of the world's poorest countries the rate of population growth is declining. In Bangladesh, where fertility has decreased from 7 to 4.9 children per family in two decades, over 40% of women of childbearing age use contraceptives.

According to Miguel Trias, president of Profamilia, the International Planned Parenthood Federation (IPPF) affiliate in Colombia, the success of family-planning programs depends on a number of factors: services must be available in accessible locations, acceptable to the culture of the individual country, affordable, not unpleasant and considered safe. So, for example, family planning in Thailand has been boosted by the fact that people do not have to travel far to obtain family-planning services. And it was relatively easy to devise a program acceptable to the country's culture, because in Thailand, almost everyone shares the same religion (Buddhism).

Given the links between slowed population growth and prosperity—the UN Population Fund found that developing countries with slower population growth were also those where incomes were rising—and considering the relatively low costs of family-planning programs, it is not surprising that support for them is spreading to unexpected places. In Iran, after the Islamic revolution of 1979, people were urged to have more babies and the marriage age was dropped to nine. Not surprisingly, the population soared from 35 million to 60 million. Faced with a variety of economic woes, the government is now requiring everyone who gets a marriage license to take a course in family planning. Iran's shift appears to be echoing an even more extreme change of policy witnessed in China in the 1970s. Abandoning Communist dogma, China instituted the one-child family limit and still forces couples to comply.

As important as family planning is, there also have to be programs to improve the quality of life. Surveying the developing world, there are a few outstanding success stories: South Korea, Singapore, Taiwan, Hong Kong and, to a lesser but still substantial extent, Malaysia and Thailand. They have improved the economic well-being of many of their people, but often at a significant cost to the environment.

There are some modest models for achieving sustainable development that have attracted attention. While no one project offers "a magic bullet," the use of small-scale or "appropriate" technology and involvement of local citizens and the community can make a difference. Indeed, the trend among development people working in the field is to try to rely less on national and local governments and to work more closely with the community. Simply digging shallow wells in a village, for example, can free women from spending hours transporting water. They can then use the time to earn some money by growing vegetables or making products to sell. That, in turn, gives the women more control over their lives and a chance to improve their children's lives as well. ■



Source: United Nations, *World Population Prospects—the 1994 revision*, New York, 1995

Searching for answers

THE ABILITY of the U.S. government and international lending agencies to ensure environmentally sound development is limited. They may attach environmental strings to loans or deny them altogether. But countries that are booming economically can generally obtain financing for such projects anyway, and there is no shortage of suppliers in the industrial countries eager to accommodate them.

The Three Gorges dam project in China is a case in point. Here, despite decisions by the World Bank, the leading international lending agency for development, and several of the industrial countries to deny funding for what will be the largest hydroelectric dam ever built, the People's Republic of China is nonetheless determined to dam the Yangtze River and permanently flood an area of northeast China that is considered the country's equivalent of the Grand Canyon.

When the industrial countries try, for example, to encourage countries like China or India to burn less coal, they are vulnerable to the charge that it is they, after all, who consume the lion's share of the world's resources and burden the world's environment with the most emissions and effluents. If a country like the U.S. is unwilling to impose penalties on polluting utilities, for example, or put much higher taxes on oil to curtail its use in transportation, why should fast-growing nations like China take measures that could be costly or slow their development?

Yet if large consuming countries like the U.S. used much less water to irrigate lawns and golf courses, for example, they would not be materially helping people in Africa or South Asia. This is because of the obvious fact that the latter's poverty results not from a global shortage of land, water or food, but rather from local shortages of resources and the skills to develop them sustainably.

What is needed, then, in the regions of the world where population growth plainly is still outpacing development, putting ever-greater burdens on local resources? The answer, many experts believe, is a broad-based effort involving not just governments, aid agencies and lending agencies, but all kinds of organizations, local, national and international. In the developing world as a whole, private flows of money—investments and loans—are roughly equivalent to total official development financing (roughly $75 billion each, in 1993). So the role of multinational companies and banks is critical. In the most impoverished countries, private funds account for a much smaller proportion of total flows and international nongovernmental organizations (NGOs) have a big presence.

Stricter standards?

Since 1994, the U.S. Department of Commerce's Bureau of Economic Analysis has been using "green accounting" to produce the Integrated Economic and Environmental Satellite Accounts for the U.S., but it has had a hard time putting a monetary value on the degradation of assets, such as air quality, not to speak of intangible features such as aesthetics.

The Netherlands copes with this problem by assigning degradation effects to sectors of the economy by share, without attempting to monetize them. This enables the Dutch to see which parts of the economy are responsible for the greatest environmental tolls, without getting into arguments about what the precise monetary costs of those are.

Green accounting, which is just getting under way at the governmental level, has not had much impact on the business world. A survey of British companies in early 1996 found that while as many as a quarter of them now include environmental information in their annual reports, most of the infor-

A Modest Approach: Self-Reliance

ORANGI is an infamous squatter settlement of a million people in Karachi, Pakistan, and the site of what has been called "the world's most successful experiment in improving the lot of poor urban people." In 1980, the Orangi Pilot Project (OPP) identified sewers as a key need in the slum, but, says Akhter Hameed Akhan, a retired sociology professor who was instrumental in founding the project, "It was clear that the municipal authorities would never be able to build sanitation for the poor. They were too feeble and corrupt. Foreign aid was unlikely to help because it would become lost in the deep pockets of unscrupulous local contractors."

OPP studied how to make the sewers operate efficiently and how to reduce the amount of pollution getting into streams. Rather than make grants, the usual practice in many development projects, the organization encouraged householders to install the sewers themselves. The typical Orangi family has an income of about $45 a month and was able to buy an indoor latrine connected to a secondary sewer for about $30. OPP has since moved on to improving houses and setting up schools and clinics in Orangi. Meanwhile the programs have had tangible results. Due to improved sanitation, infant mortality has dropped from 130 deaths per 1,000 live births in 1982 to 37 per 1,000 in 1991. The lesson, reports journalist Fred Pearce in *New Scientist,* is that "the poorest people can and will pay for services that city authorities regard as too expensive, too complicated, or simply too much trouble to provide. And they gain from the experience."

Grassroots power can make itself felt in rural settings as well. One of the most successful examples has been the Grameen Bank in Bangladesh which makes loans of as little as $30 to the poor—almost all women—who use the money to start earning income. They use their loans to buy bamboo to make stools, say, or to purchase cotton to weave. The borrowers join together for support and repay the loans in tiny installments. They can then borrow more money to expand their enterprises. The bank has been used as a model in other countries, and although many experts believe it can only work in tightly knit rural areas, there are now attempts to bring it to cities. ■

mation was nonspecific and difficult to compare across companies. Corporate leaders in Britain and the U.S. have discussed voluntary reporting standards, and professional auditors have raised the question of whether mandatory rules should be adopted.

International NGOs

International NGOs have a long history of providing development assistance or emergency care. Organizations like CARE, Inc. do both. Some of the higher-profile NGOs engaged in emergency relief compete for funds with other groups devoted to protecting resources, improving their distribution or assisting with family planning. The competition is real, but both types of organizations perform a necessary function.

There are some charitable organizations that respond mainly to highly publicized crises, while others gradually become like turnkey engineering firms, operating mainly on long-term official aid contracts, notes David Sogge, editor of a recent book, *Compassion and Calculation: The Business of Foreign Aid.* Too rarely, he writes, do they address structural problems that are obstacles to development. He gives highest marks to some NGOs that are active in both the richest and poorest countries, groups like Planned Parenthood and the Natural Resources Defense Council.

Current U.S. assistance role

As the world's most powerful nation, the biggest tool the U.S. has to influence other countries' policies with respect to population and the environment is money: money to fund aid projects, money to support family planning, money to support various UN programs. But the U.S. has been reluctant to spend that money. And it is not alone. With the exception of Japan and a few smaller European countries, world funding for development has declined in recent years. Although the U.S. is the wealthiest country in the world, it spends a smaller fraction of its gross domestic output on development assistance than any other industrial country.

Although only a small portion of U.S. aid is earmarked for family-planning programs, the latter have become a political football. In the early 1980s, antiabortion forces successfully lobbied the Reagan Administration to block U.S. funds from going to organizations that spent other monies—not supplied by the U.S. government—to provide abortions or advise women on how to end pregnancies. That policy, put into effect in 1984, was reversed by Clinton on his second day in office. When Republicans gained control of Congress in 1994, they sought unsuccessfully to revive the ban. In February 1995, Congress reduced fiscal year 1996 funds for family planning from $547 million to $356 million and enacted a number of other requirements that have resulted in an 87% cut in U.S. family-planning aid to international programs.

A relatively small proportion of U.S. development assistance is distributed through the UN and its specialized agencies, which coordinate many of the world's most important population and resource programs as well as provide development aid and relief. The U.S. is close to $1.5 billion behind in its payments to the UN. In response to Secretary of State Warren Christopher's address on the global environment at Stanford University in April 1996, the university's president emeritus Donald Kennedy said the single best thing Americans could do for the world would be to "press the Congress to withdraw their resistance to making us paid-up members of the UN and the other multilateral, international organizations on which we are going to have to depend partly to get this work done."

U.S. policy options

❑ **1. The U.S. government should assign a higher priority to protection of the global environment and family planning than it currently does.**

Pro: Of the four international crises that dominated foreign policy during the first Clinton Administration, three—Somalia, Haiti and Rwanda—occurred in countries where there were too many people for too few resources. With the end of the cold war, the U.S. should now concentrate on preventing such situations.

Con: In regions where governments are corrupt, weak or even nonexistent, the U.S. government cannot possibly act as environmental guardian and take responsibility for preventing critical situations from arising. The U.S. role should be limited to helping people help themselves.

❑ **2. The U.S. government should deny funding to any NGO, UN-affiliated group or other multilateral organization that provides family-planning services that include assistance to prevent unwanted pregnancies.**

REUTER/MARTIN DIEBKOW/CORBIS PHOTOS

A MAN AND HIS DOG *atop one of the most perilous toxic dumps in Central Europe. Experts do not know exactly what is in the dump but agree it is a potential time bomb.*

Pro: Abortion negates the values the U.S. should be projecting to the world, including dignity of life.

Con: By refusing to fund such groups, the U.S. deprives poor women of access to information needed to make decisions concerning reproduction.

❑ **3. The U.S. government should continue to withhold dues from the UN until it streamlines its entire structure.**

Pro: The UN system is guilty of waste, fraud and abuse. Until it makes greater progress in putting its house in order, it does not deserve U.S. support.

Con: The UN system has made major progress in revamping. It still offers the best multilateral channel for reaching the goals set at the Earth Summit. ■

Opinion Ballot on page 89

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DISCUSSION QUESTIONS

1. Do you agree or disagree with the statement that "The wars of the next century will be over water"? What measures should the U.S. and other industrialized countries take to prevent such conflicts? What steps can be taken at the local and regional level in the U.S.? Is metering water advisable?

2. Although the proportion of cultivated land has been increasing, it has declined on a per capita basis, and the absolute number of of hungry people is growing. With world population projected to reach 10 billion by the middle of the next century, what measures can be taken to provide adequate food for all? Will technology provide the answer? Or will changes in eating habits and in land ownership, distribution and management be required?

3. The developing countries where population growth has slowed are also those where incomes are rising. What are the principal factors, in your opinion, that account for this phenomenon? To what extent have outside actors—multinational and national lending and aid agencies, private investors, multinational corporations and NGOs—played a role?

4. There is international consensus that carbon-fuel emissions, produced by power plants and transport vehicles contribute to global warming and need to be reduced. Should there be global mandatory limits on greenhouse gases? What incentives would convince China, India and much of the rest of Asia, all of which rely on coal for energy production, to cut back? Would Americans be willing to pay higher taxes on oil and gas?

5. Does the U.S. currently give too much, the right amount or not enough support to family planning? Should the U.S. deny funding to international governmental and private organizations that counsel women on family planning, including abortion?

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NATURAL RESOURCES DEFENSE COUNCIL (NRDC), 40 West 20th St., New York, NY 10011; (212) 727-2700. ▫ A nonprofit organization dedicated to the informed management of natural resources through research, public education and the development of public policies.

THE POPULATION INSTITUTE, 107 2nd St., NE, Suite 207, Washington, DC 20002; (202) 544-3300; Fax (202) 544-0068. ▫ A nonprofit, educational organization that promotes global awareness of the social, economic and environmental implications of rapid population growth. Publishes an annual **State of the World.**

POPULATION REFERENCE BUREAU (PRB), 1875 Connecticut Ave., NW, Suite 520, Washington, DC 20009; (202) 483-1100; Fax (202) 328-3937. ▫ Provides policymakers, educators and the public with information about population trends. Publishes **World Population Data Sheet** with key indicators for 197 countries. $3.50. (To order: 1-800-877-9881.)

WORLD RESOURCES INSTITUTE, 1709 New York Ave., NW, Washington, DC 20006; (202) 638-6300; Fax (202) 638-0036. ▫ An independent research institution that provides data, including the annual **World Resources,** slides, diskettes and teaching material, on global resources and environmental conditions.

WORLDWATCH INSTITUTE, 1776 Massachusetts Ave., NW, Washington, DC 20036-1904; (202) 452-1999; Fax (202) 296-7365. ▫ An independent, public-policy research organization dedicated to fostering an environmentally sustainable society. Publications include the **Worldwatch Papers,** an annual **State of the World** report and the bimonthly **World Watch** magazine.

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Middle East: peace and the changing political order

Progress toward peace and stability in the Middle East has stalled. Should the U.S. jump-start it? If so, how and in what direction?

by F. Gregory Gause III

PRIME MINISTER *Benjamin Netanyahu (left) and Palestinian leader Yasir Arafat hold their first meeting since Netanyahu's election in May. Despite the handshake, the leaders have made little or no progress in advancing the peace process.*

THE PROGRESS the U.S. has made toward achieving stability, fostering Arab-Israeli peace and securing its interests in the Middle East has not halted but it has stalled. Washington's inability to prevent Iraqi forces from entering the Kurds' "safe zone" in August 1996 was one indication that things in the Persian Gulf were not going America's way. Iran, despite increasingly severe U.S. economic sanctions, has neither changed its behavior nor experienced serious domestic discontent that could bring down the regime. The attacks on American installations in Saudi Arabia's capital, Riyadh, and Dhahran signal that U.S. allies in the Persian Gulf might not be pillars of stability.

The promising momentum of the past few years in the Arab-Israeli arena has also slowed. The fighting that broke out between Israelis and Palestinians at the end of September 1996 could presage the end of the peace process that began in 1993 unless the two sides find some way to repair the damage. But even if the process continues, there seems little chance of breakthroughs.

The new government in Israel, led by Prime Minister Benjamin Netanyahu of the conservative Likud party, takes a much more skeptical view of peace prospects than its Labor party predecessor. It has delayed implementing Israel's agreements with Yasir Arafat's Palestine Liberation Organization (PLO). Syria and Israel are not even negotiating, much less making headway toward a peace agreement. Egypt and other Arab states have made progress on regional economic and security issues contingent on forward movement in the peace process. The deaths of more than 70 people, Palestinians and Israelis, in the clashes of September 1996, weigh heavily on both parties. The optimism generated by the PLO-Israeli accords and the Jordanian-Israeli peace treaty of 1994 has faded.

The standstill in the Middle East stems from more than political differences in the Persian Gulf and between Arabs and Israelis. Domestic economic and political reform efforts have also faltered. Moves toward greater political liberalization in the Arab world have been reversed as tensions between military-based autocracies and Islamic opposition groups have become more severe. Efforts to change economic policies to conform with global trends—privatization, greater international trade and openness to foreign investment—move ahead very slowly, if at all. Real market reforms risk social upheaval as safety nets for the poor unravel. Three days of rioting in Jordan in August 1996, after the government increased bread prices, were the most recent evidence that economic reform is not cost-free for Middle East regimes.

What should the U.S. do in the Middle East? Does the current political impasse in the region matter to Americans? And, if so, is it worth the expenditure of American time, effort and resources to bring about change?

American involvement in the Middle East has been justified by Administrations of both parties since World War II on three counts: (1) the importance of oil (more than two thirds of all the proven oil reserves in the world are in the region—Saudi Arabia alone accounts for 17% of U.S. oil imports); (2) the U.S. commitment to the security of Israel and to finding a peaceful solution to the disputes between Israel and its Arab neighbors; and (3) the

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need to contain the spread of Soviet influence.

Some analysts argue that, with the end of the cold war, the restoration of stability in the Persian Gulf after Iraq's defeat in 1991 and other changes in the region, these interests are no longer so important to America. The U.S. has had no great power challenging its influence in the Middle East since the Soviet Union broke up in 1991. Russia, Japan and the European powers are cooperating (for the most part) in American-led initiatives there. While the world economy still runs on oil, the argument goes, the influence of Middle East oil producers on the world oil market has declined since the 1970s. They now have little choice but to sell their oil at prices determined by world supply and demand. There is far less likelihood of another oil crisis like that of 1973–74, when oil prices quadrupled as the result of an Arab cut in production and an embargo on oil sales to the U.S. This line of thought argues that, now that there are peace treaties between Israel and Egypt and Israel and Jordan, the strategic consequences of Arab-Israeli disputes for American interests are limited. There is no realistic Arab war option, and the link established in the 1970s between oil and Arab-Israeli issues no longer exists.

The counterarguments for continued American involvement in the region challenge these points. If the U.S. were to isolate itself from the region, who would contain aggressors like Iraq's President Saddam Hussein and others who might come after him seeking to dominate the Persian Gulf? If such dominance were achieved, this argument runs, a single leader could control so much of the world's oil reserves that he could disrupt the global oil market and send prices spiraling upward. As recent events have shown, the chance that Israel and its Arab neighbors might return to a policy of armed confrontation still exists. Active U.S. involvement helps to keep the peace and avoid a new Arab-Israeli war that, with the advances in military technology, could encompass the entire region, including the Persian Gulf oil states.

Finally, the debate over American policy in the Middle East revolves around the question of whether the U.S. could achieve its interests with the expenditure of fewer resources. Do American economic interests in oil require a continued U.S. military presence in the Persian Gulf, or would a more "hands-off" approach keep the oil flowing at a more reasonable price? What is the benefit to the U.S. of continuing to push a reluctant Israel and a recalcitrant Syria toward a cold peace? Should the U.S. vigorously advocate democratization in an area where its economic interests, aside from oil, are limited, particularly when greater democracy would probably mean more Islamic governments? ■

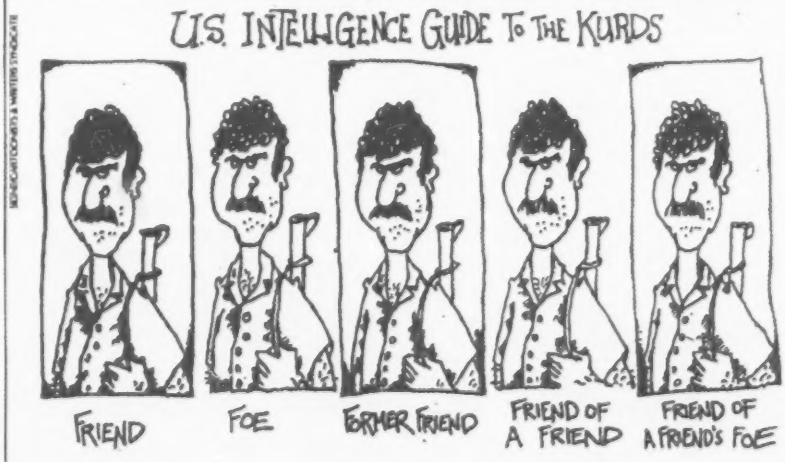
Persian Gulf: troubled waters

THE MOVE by Iraqi military forces into Iraqi Kurdistan in late August 1996 was a reminder that Iraq, and the Persian Gulf area as a whole, remains an extremely volatile area. The decisive military victory of the U.S.-led international coalition in the 1991 Persian Gulf war and the continuing presence of American military forces in the area have not brought a new and stable order.

Iraq remains the key to the future of the region. Since it was cobbled together by British colonial administrators after World War I, the country has had a quarrelsome history. The British installed a Sunni Muslim family in Baghdad, the capital, to rule over a population whose majority was, and remains, Shiite Muslim. Iraqi governments ever since have been dominated by Sunni Muslim Arabs like Saddam Hussein, creating an important rift in Iraqi politics. Kurds, a non-Arab Muslim ethnic group who speak their own language and constitute a majority of the population in southeastern Turkey, northern Iraq and parts of northwestern Iran, were disappointed that the great powers did not grant them their own state after the breakup of the Ottoman Empire. Iraqi Kurds, who make up about 20% of the population of the state, have rebelled against the central government on numerous occasions, most recently after Saddam Hussein's defeat in the Persian Gulf war.

That most recent rebellion brought the U.S. directly into Kurdish politics. The U.S., along with its British and French allies, created a safe zone in Iraqi Kurdistan after Saddam Hussein brutally suppressed Kurdish uprisings and caused over one million Kurdish refugees to stream into Turkey and Iran. With Washington's encouragement and assistance, the two major Iraqi Kurdish political groups, the Kurdish Democratic party (KDP) and the Patriotic Union of Kurdistan (PUK), set up a civil administration in the area. They even held an election in May 1992 for a Kurdish legislature. (The balloting was chaotic, so the two parties agreed to split the seats on a 50–50 basis.) The Kurdish government declared its intention to become a federal state within a post-Saddam, democratic Iraq.

Iraqi Kurdistan also became the base



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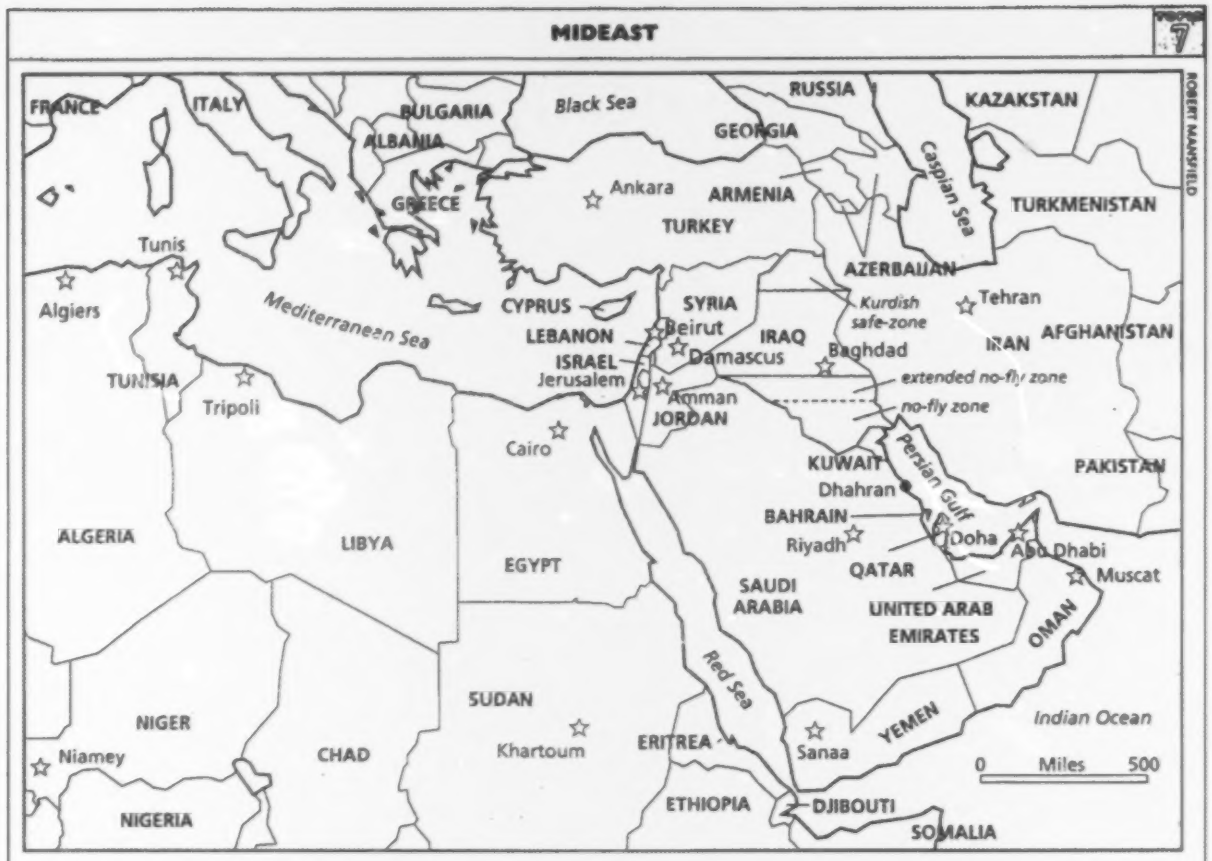

for American efforts to destabilize Saddam Hussein's regime. Washington supported the Iraqi National Congress, an umbrella group of Iraqi opposition groups, which made its headquarters in the safe zone. Moreover, a Central Intelligence Agency (CIA) operation to encourage a military coup against Saddam used the area as a staging ground. The Iraqi military move dealt a mortal blow to both efforts, as Iraqi National Congress partisans and files were captured and the CIA operatives beat a hasty retreat into Turkey.

Saddam's reentry into the safe zone was facilitated by the escalating feud between the two major Iraqi Kurdish parties. With military assistance from Iran, PUK forces began to consolidate their control over the safe zone. In response, the KDP sought the support of the Iraqi government. By mid-September 1996 the KDP had established its control over most of the area but at the price of allowing Iraqi military forces to return to Iraqi Kurdistan.

In response to the Iraqi military movement, the U.S. launched cruise-missile attacks on military targets in *southern* Iraq on September 3–4, 1996, and reinforced American ground, air and naval forces in the region. The U.S. extended the "no-fly zone" it had imposed in southern Iraq to the outskirts of Baghdad. Most of the Iraqi army withdrew from the Kurdish safe zone (though apparently leaving behind Iraqi secret-police agents), and the confrontation wound down by the end of September.

U.S. loses support

This new Iraqi-American standoff highlighted a number of changes in the region since the Persian Gulf war. The U.S. was unable to muster the kind of international support that it had enjoyed in that earlier crisis. Among the great powers, only Britain backed the U.S. Both France and Russia criticized the unilateral American steps, and Washington was unable to obtain a United Nations Security Council resolution supporting its actions. With the exception of Kuwait, no Arab country expressed support for the U.S. On the contrary, Saudi Arabia and Jordan both denied the U.S. the right to use their territory to launch attacks on Iraq. Most Arab states viewed Saddam's move as a legitimate effort to restore the sovereignty of Iraq over its own territory—a sovereignty challenged by Iranian and Turkish incursions into Iraqi Kurdistan.

Turkey also refused to support American policy, a particularly significant fact since the American planes enforcing the no-fly zone in northern Iraq are based in Turkey. While Turkey remains an ally in the North Atlantic Treaty Organization (NATO), it differs with Washington on Iraqi issues. Faced with its own restive Kurdish population, Turkey has viewed the institutionalization of Kurdish autonomy in northern Iraq with increasing alarm. Turkish Kurdish separatists have established bases in northern Iraq, and the Turkish army has conducted a number of raids into the area in the past five years. While Turkey continues to support an American role in northern Iraq publicly, there is little doubt that it would not object to the re-establishment of Iraqi government control in Iraqi Kurdistan.

This most recent Iraqi-American crisis points up three problems confronting U.S. policy toward Iraq. First, American support for Iraqi opposition groups has not led to the

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What Price Reform?

While strategic issues in the Persian Gulf and the Arab-Israeli peace process grab the headlines and most of the attention of American policymakers, there are other important issues for U.S. policy in the Middle East. Long-term stability in the area depends as much on domestic economic and political realities as it does on international issues. The Clinton Administration believes a global policy of encouraging transitions to market economies and democratic governments offers the best assurance for world peace and prosperity. But on both the economic and political fronts the Middle East lags far behind many areas of the world.

The U.S. has pushed its friends in the region to liberalize their economies, privatize state enterprises and open up to world trade. Two countries, Israel and Turkey, took substantial steps in this direction in the 1980s, reducing the role of the state in their economies and encouraging private-sector, export-oriented businesses. Both achieved notable economic success. Morocco, Tunisia and Jordan began in the 1990s to take similar steps, but their reform programs remain in their infancy. Egypt and Algeria have talked about economic reform but are reluctant to implement such policies aggressively.

The political costs of economic reform are substantial. Privatizing inefficient state enterprises means increased unemployment and political discontent as the new owners pare down their workforces for greater efficiency. Cutting back government spending means reducing the social safety net for the poor. For example, most Middle East governments subsidize basic foodstuffs like bread. Removing those subsidies makes economic sense but can lead to popular explosions. Food riots occurred in Egypt, Morocco and Jordan when subsidies were cut.

The U.S. has urged international lending agencies such as the International Monetary Fund (IMF) not to push strategically important Middle East states to reform their economies too quickly. But most Middle East states cannot sustain the level of economic benefits they provided their citizens in the past, given their relatively low levels of economic growth and their rapidly increasing populations.

While Washington has urged gradual economic reform on its Middle East friends, it has not been pushing for more-democratic political systems there. Democratic experiments in the region have, for the most part, benefited Islamic opposition groups. In 1992, free parliamentary elections in Algeria were aborted by the army when it appeared that the fundamentalist Islamic Salvation Front (FIS) would win a majority of the seats. Recent elections in Jordan and Kuwait have seen Islamic groups emerge as the largest blocs in the parliaments. In the parliamentary elections of December 1995, Turkey's major Islamic party received the largest number of seats. In July 1996 that party's leader, Necmettin Erbakan, became prime minister. Tunisia and Egypt have resorted to banning their major Islamic groups from participating in elections to prevent them from winning parliamentary seats.

These setbacks for democratic reform and the absence of any moves toward greater democracy in states like Saudi Arabia have elicited little if any U.S. criticism. Administration officials rarely mention the word democracy when discussing their goals in the region. The domestic stability of regional allies is valued more highly than democratic experiments that could bring political forces much less friendly to Washington to power. This inconsistency between America's democratic rhetoric and its actions in the Middle East is much commented upon in the region, by real liberal reformers who look to the U.S. for help in democratizing their societies and by Islamic groups who see it as proof of American hypocrisy and hostility toward Islam. ■

BAGHDAD, IRAQ, *September 5, 1996: Police hold back demonstrators protesting U.S. missile strikes on military targets in southern Iraq. The strikes were in retaliation for the Iraqi military forces' entry into the Kurds' "safe zone" in Iraqi Kurdistan in late August.*

replacement of Saddam Hussein. The opposition groups have proven to be either ineffective or more interested in fighting each other than Saddam. Washington is neither able to come to terms with Saddam nor able to replace him. Second, regional powers that joined the U.S. side in the Persian Gulf war are increasingly leery of American policy toward Iraq. They fear the consequences of a dismembered Iraq or real Kurdish autonomy in Iraq more than a weakened but unified Iraq under Saddam. Washington's strategy of militarily containing Saddam depends upon the use of bases and facilities in Turkey, Jordan and the states of the Arabian Peninsula. How long those facilities will be available for actions against Iraq is an open question. Third, the international consensus that buttressed American policy toward Iraq during and immediately after the Persian Gulf war seems to be dissipating.

Iran waits in the wings

At least part of the reason that the U.S. has not taken more dramatic military steps to remove Saddam Hussein from power is the chance that chaos in Iraq might benefit Iran. Iranian-American relations have been intensely hostile since the Iranian revolution of 1979, which swept from power the shah of Iran, a close American ally, and installed an Islamic Republic that considered the U.S. both a political and cultural threat. In November 1979 Iranian militants captured the American embassy in the capital city of Tehran and held 52 Americans hostage for 444 days. Ayatollah Ruhollah Khomeini, the leader of the revolution, supported the militants. Thus began the "hostage crisis" that would rivet Americans' attention for more than a year. The hostages were finally released in January 1981. Iran's neutrality in the Persian Gulf war helped the U.S., but Iran's influence in the region remains a major American policy concern.

The Bush Administration's decision in 1991 not to try to stop the Iraqi forces that suppressed the popular uprisings after the Persian Gulf war was motivated, at least in part, by fear that Iran would take advantage of the situation to intervene in Iraq. The Clinton Administration has also focused much of its attention on Iran. It has equated Iran with Iraq, at least at the rhetorical level, and called for their "dual containment."

Contain Iran and Iraq

Dual containment replaces the previous policy of maintaining some kind of balance between Iraqi and Iranian power in favor of an effort to contain the military power and political influence of both states. The Administration has listed five areas in which Iranian behavior works against American interests:

- (1) efforts by Tehran to acquire nuclear and other nonconventional weapons;
- (2) sponsorship of terrorism;
- (3) opposition to the Arab-Israeli peace process;
- (4) attempts to subvert governments friendly to the U.S.; and
- (5) an offensive conventional military buildup that threatens the stability of the Persian Gulf.

The Iranian government makes no secret of its opposition to the Arab-Israeli peace process or of its support for Hezbullah, the Lebanese Shiite party that opposes the Israeli military presence in southern Lebanon. The regime has also been linked to assassinations of Iranian dissidents in Europe. However, the other charges the U.S. has leveled against Iran are more controversial. Iranian authorities contend that their nuclear research program is peaceful, a contention supported by the International Atomic Energy Agency (IAEA), although that same agency failed to uncover Iraq's clandestine nuclear program in the 1980s. Experts differ on whether Tehran is working to get a nuclear bomb and on how long it would take to acquire one. Iran has been buying new conventional weapons, but its defense expenditures are dwarfed by those of Saudi Arabia. In 1995, the defense budget of Iran was $2.5 billion; that of Saudi Arabia, which is larger in size but has less than a third the population of Iran, was $13.2 billion. Tehran contends that its military spending is more than justified given the dangerous region it inhabits. Governments across the Middle East, from Algeria to Egypt to Bahrain, accuse Iran of meddling in their internal affairs; Tehran responds that they are inventing foreign scapegoats rather than addressing the demands of their own homegrown Islamic opposition groups.

SADDAM HUSSEIN, *in firm control despite U.S. efforts to remove him from power, waves to supporters after his reelection as president of Iraq for seven more years. He won 99.96% of the vote in the October 1995 referendum.*

While the extent of Iran's involvement in activities directed against U.S. interests remains a matter of dispute, the Clinton Administration has made the economic isolation of Iran a major foreign policy goal. In March 1995 the White House ordered the cancellation of an oil exploration contract between Conoco, an oil company owned by the Dupont Co., and Iran. In May 1995 the President issued an executive order banning all U.S. commercial contact with Iran. In August 1996 Congress adopted, and the President signed, the "D'Amato bill," sponsored by Senator Alfonse M. D'Amato (R-NY), which calls for U.S. economic retaliation against foreign energy companies that invest in Iran (and Libya). Many European allies rejected the measure, promising to challenge it in international trade organizations.

Administration officials call Iran a "rogue state," an "outlaw state" and one of the world's foremost supporters of terrorism. While official statements assert that the U.S. does not seek the overthrow of the Iranian government, Secretary of State Warren Christopher, in an

interview, said that normal relations with Iran would not be possible until there was a change in government. Under pressure from Speaker of the House Newt Gingrich (R-GA), the CIA has allocated funds to encourage political change inside Iran.

The American policy of dual containment of Iran and Iraq relies in large measure on the strength of U.S. relations with Saudi Arabia and the smaller monarchies on the Arabian Peninsula (Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman). U.S. security ties with Saudi Arabia date back to World War II. Since the Persian Gulf war the U.S. has sold billions of dollars worth of sophisticated weaponry to these states. U.S. military equipment is stationed in Kuwait and Qatar. American naval forces in the region are based in Bahrain and call at ports throughout the area. The American military conduct joint training exercises with the militaries of all these states. The American planes that patrol the southern part of Iraq fly out of Saudi air bases.

While there are differences between Washington and its Persian Gulf allies on the details of policy toward Iran and Iraq (and on other issues), there is no question that the Persian Gulf states are tied to the U.S. by webs of military, economic and political interdependence. The U.S. presence there is an essential element of their security from outside attack. However, in the wake of the bombings of two American military facilities in Saudi Arabia in November 1995 and June 1996, new questions are being raised about the stability of America's Persian Gulf allies.

It does not appear that any of the monarchies is in immediate danger of overthrow. Even in Bahrain, where protests against the government have been occurring with some regularity since the end of 1994, the government has the financial resources and the internal-security capabilities to maintain its hold on power. However, the monarchies do face the long-term challenge of maintaining social stability in a time of relative economic austerity. The Persian Gulf regimes created generous welfare systems in the 1970s, when populations were much smaller and revenue seemed limitless. Now these states, with some of the highest population growth rates in the world, are facing a world oil market where prices are likely to remain relatively stable for a number of years. They have practically exhausted their cash reserves in order to fund budget deficits for the last decade and to pay the costs of the 1991 Persian Gulf war, and are now having to learn to live within their means. That requires reductions in the extensive network of state benefits, including subsidized consumer goods, guaranteed state jobs, free education and health care.

These economic adjustments are occurring at a time when the citizens of these countries, affluent and increasingly well educated, are demanding political participation. Many of those demands are coming from Islamic groups, some of which are vehemently opposed to their governments' close relations with Washington. The U.S. is ill-equipped to help its friends deal with their domestic problems. In fact, its close embrace of the Persian Gulf rulers might make those problems worse.

American military personnel and facilities, which have already been targets in Saudi Arabia, could become targets in the other states. This should not be surprising. The history of foreign military presences in the Middle East is not a happy one. They are visible symbols of the limits of the freedom and independence of their hosts. They were the lightning rods for domestic opposition that brought down pro-Western governments in Egypt and Iraq in the 1950s, in Libya in the 1960s and in Iran in the 1970s.

After the most recent bombing in Saudi Arabia that took the lives of 19 American servicemen, Washington and Riyadh agreed to redeploy the American forces to an isolated air base in the desert, away from population centers. Washington realizes the sensitivities of local governments and populations to a high-profile, seemingly permanent military presence. Yet the American dual-containment policy would seem to require such a presence. How the U.S. can provide for the security of its Persian Gulf allies, maintain military forces to deter Iraqi and Iranian threats, and not disturb the domestic societies of its allies remains a difficult question. ■

The Arab-Israeli arena

The "Middle East problem"—the dispute between Israelis and Arabs, and particularly between Israelis and Palestinians—has dominated U.S. foreign policy concerns for decades. However, with the U.S. policy focus shifting to the Persian Gulf after the Iraqi invasion of Kuwait in 1990, and Israelis and Arabs making progress toward peace, that "problem" seemed to be receding. Richard N. Haass, the National Security Council official responsible for Middle East policy in the Bush Administration, urged recently that the U.S. not push for new agreements on Arab-Israeli issues. However, the renewed fighting between Palestinians and Israelis in late September catapulted the Arab-Israeli conflict back into the headlines and to the top of the U.S. policy agenda.

The struggle between Israelis and Arabs for control of the territory between the Mediterranean Sea and the Jordan River had been a defining element of Middle East politics throughout this century. Britain, which controlled the territory from the end of World War I to 1948, promised both to encourage Arab self-government and to foster the development of a Jewish national home in that territory. Unable to find a solution acceptable to the two sides, London handed the issue over to the UN. The decision in 1947 to partition the territory into a Jewish state and an Arab state was accepted by the leaders of what would become the state of Israel, but rejected by most Palestinians and the leaders of most Arab states.

The upshot of the conflict was a series of wars between Israel and its Arab neighbors: 1948–49, 1956, 1967, 1973 and 1982. In the 1967 war, Israel seized the Sinai Peninsula and the Gaza Strip from Egypt, the West Bank from Jordan, and the Golan Heights from Syria. The initial victories won by Arab armies in the 1973 war (though Israel had reversed that tide by the end of the fighting) opened up the possibility of a

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negotiated settlement. The U.S., which had suffered as a result of the 1973–74 Arab oil embargo, took an increasingly active role in bringing the Israelis and the Arabs together. Avoiding another Arab-Israeli war, and the possibility of another embargo, became a major goal of U.S. policy.

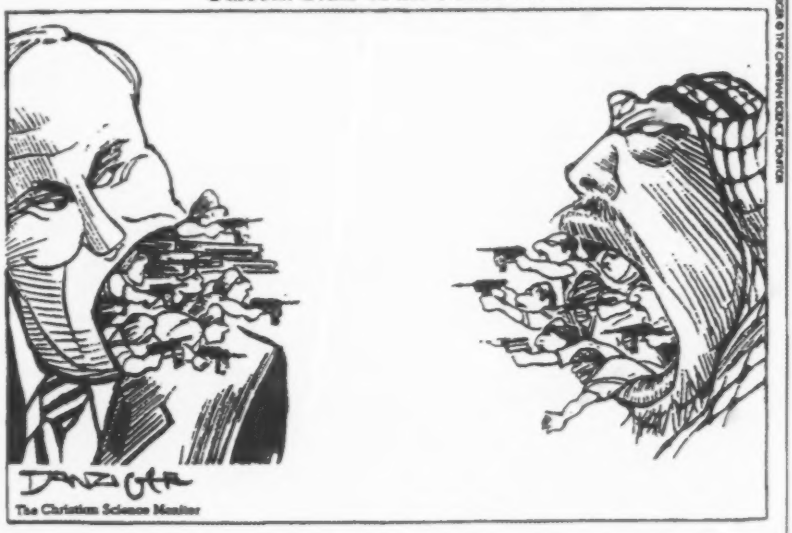
The result of this renewed diplomatic activity was the signing of the Egyptian-Israeli peace treaty in 1979. While other Arab states and the PLO condemned Egypt, by 1991 they were following the Egyptian course. After the Persian Gulf war, the U.S. organized an international conference on the Middle East in Madrid, Spain. Most of the Arab states, Israel and Palestinians affiliated with the PLO (as members of the Jordanian delegation) attended. The negotiations that began in Madrid led to the breakthrough agreements between Israel and the PLO, negotiated in Oslo, Norway, and signed in Washington, DC, in 1993. In 1994 Jordan and Israel signed a peace treaty. While Syria and Israel remained at odds, they continued to negotiate directly for the first time in their histories.

Setbacks in peace process

The momentum of the peace process began to slow in November 1995 with the assassination of Israeli Prime Minister Yitzhak Rabin by an Israeli opposed to the agreements his government had reached with the PLO. Rabin, a former general with a reputation for toughness, was the ideal politician to sell a wary Israeli public on the need to deal with PLO leader Arafat. His successor as prime minister and leader of the Labor party, Shimon Peres, was an enthusiastic supporter of peace. Peres spoke and wrote extensively about his vision of a "new Middle East," united by peace treaties and a spirit of economic cooperation.

Peres's stature was not comparable with Rabin's; many Israelis saw him as too visionary, too willing to trade tangible Israeli assets for promises of better times ahead. Aware of this perception, Peres did not push for dramatic new advances in the peace process as the Israeli elections of May 1996 approached. Syrian-Israeli talks were suspended. The Israeli military withdrawal from the West Bank city of Hebron was postponed. Peres ordered a military offensive against Hezbullah bases in Lebanon in April 1996, in part to demonstrate his willingness to take decisive steps to ensure Israeli security.

Current State of the Peace Talks



Momentum for peace was further set back by Palestinian suicide bomb attacks within Israel. On February 25, 1996, two Islamic activists opposed to the PLO's policy of negotiation with Israel killed themselves and scores of Israelis in bombings in Jerusalem and Ashkelon. The Labor government's claim that its peace policy was providing greater security for Israelis came under attack from the Likud party, which opposed the agreements with Arafat and any territorial compromise with Syria on the Golan Heights. Likud leader Netanyahu, running on a platform of "peace and security," defeated Peres in the direct balloting for prime minister by a razor-thin margin (50.4% to 49.5%). He formed a government consisting of parties opposed to the previous government's policy on the peace process.

Once in power, Netanyahu sought to reassure the U.S. and the Arab world that he would not reverse the peace process but would redirect it. He visited Jordan and Egypt, the two Arab states at peace with Israel. After an initial and very public reluctance, he also met with Arafat. By then, however, the new Likud government had already angered Palestinians by making it clear that it would not accept Palestinian statehood in the occupied territories, the ultimate goal of the PLO, and by announcing the expansion of Israeli settlements in the West Bank. At the same time, economic conditions for Palestinians remained depressed, dashing the high hopes that the peace agreements with Israel would bring immediate financial rewards.

In late September 1996, Israeli authorities opened a new access point to an archaeological tunnel that runs under the western edge of the Temple Mount. The Temple Mount is a plateau which once held the First and Second Temples of the ancient Jews. It is now home to the Al Aksa Mosque and the Dome of the Rock, the third most sacred site of Islam. The tunnel had been a matter of dispute between Israelis and Palestinians for some time. Palestinian Muslims saw the tunnel as a public symbol of Israeli control over their holy places; some, without any evidence, saw it as part of a plot to destroy those holy places. For the Israeli government, finishing the tunnel was more than an effort to boost tourism; it was tangible evidence of Israeli sovereignty over the holy city. When Israeli workers opened the new access point, Palestinians responded with a violent demonstration that sparked three days of fighting throughout the occupied territories.

Outstanding differences

The recent fighting highlights the difficult problems that remain to be solved on the Israeli-Palestinian front. Much of the early progress of PLO-Israeli talks was sustained by an agreement to postpone the most difficult issues until the "final status" negotiations, scheduled to

begin in 1996, on Jerusalem, Israeli settlements in the occupied territories, water rights, borders and the political standing of the Palestinian entity. Even with a Labor government in power, it would have been difficult for Israeli and PLO negotiators to settle these issues. With the new Israeli government committed to maintaining sovereignty in the West Bank and expanding Israeli settlements there, and the PLO not backing down from its demand for a Palestinian state with Jerusalem as its capital, a final negotiated settlement of the Israeli-Palestinian dispute within the next few years seems highly unlikely.

The September fighting also underscored how difficult it is for the U.S. to achieve its goals in the area. The advent of the Likud government led to a period of quiet American diplomacy aimed at maintaining the status quo in Israeli-Palestinian relations, with Washington pressing Netanyahu not to roll back the progress that had been made and urging Arafat not to roil the waters. But putting the peace process on hold has proven a risky strategy. The absence of progress, or at least the appearance of such, increases the chances of bloody incidents that neither side wants but that can change the entire political landscape in a matter of days.

JERUSALEM: *An Israeli policeman drags a wounded Palestinian away from the Western Wall. Israel's opening of a disputed archaeological tunnel near the third-most sacred site of Islam in September triggered fighting throughout the occupied territories.*

The Clinton Administration wants to avoid putting excessive pressure on Israel, a longtime friend with substantial support in the U.S. No American government wants to appear to be interfering in the domestic politics of a democratic ally. Publicly confronting an Israeli government, particularly in an election year, is something any Administration tries to avoid. On the other hand, Washington also wants to support Arafat and the Palestinian Authority (PA), if only out of fear that a different Palestinian leadership might adopt a confrontational stance toward Israel. American allies in the Arab world, including Egypt, Jordan and Saudi Arabia, are pressuring Washington to end the Israeli-Palestinian impasse. This would make it easier for them to justify their support for the U.S. and for the peace process to their own people and to create economic and strategic ties with Israel.

Syria: land for peace?

The current focus on Israeli-Palestinian relations has partially obscured the other major track in the peace process, Israeli-Syrian negotiations. The two sides began direct negotiations, the first in their history, shortly after the Madrid conference in 1991. But progress came slowly. Syria criticized Jordan and the PLO for rushing into agreements with Israel. It also criticized other Arab states for opening diplomatic ties and engaging in economic relations with Israel. Syrian President Hafez al-Assad refused to give the kind of public signals that had helped Egypt's President Anwar al-Sadat, King Hussein of Jordan and even Arafat to convince elements of the Israeli public of their sincere desire for peace. For example, Syria refused to attend any of the multilateral regional conferences, initiated at the Madrid conference, on economic, strategic and environmental issues, arguing that to do so would reward Israel before full peace agreements had been negotiated.

The crux of the Syrian-Israeli negotiations is "how much land for how much peace." Syria demands Israeli agreement to complete withdrawal from the Golan Heights before it will spell out the extent to which it will normalize relations with Israel. The Labor government of Rabin and Peres was willing to consider territorial compromise on the Golan Heights, but only if the government in Damascus, the Syrian capital, was willing to enter into a full peace agreement and see to it that Lebanon, where Syria plays the dominant political role, was not used as a base for attacks on Israel. The new Likud government campaigned on a platform of no withdrawal from the Golan Heights. Damascus has made it clear that, under those terms, it sees no reason to renew the talks. Prime Minister Netanyahu's proposal that Syria and Israel resume talks with a focus first on the Lebanon issue seemed to elicit some response from Syria, but as of November 1996 public negotiations had not been renewed.

An Israeli-Syrian peace treaty has been a major objective of the Clinton Administration. President Bill Clinton has met twice with President Assad, and Secretary of State Christopher has visited Damascus more than two dozen times. Washington's wooing of Assad is understandable. Peace with Syria would close the circle of Israel's Arab neighbors, greatly reducing the chances of an Arab-Israeli war in the future. But it is also controversial. Syria remains on the State Department's list of states that sponsor terrorism. Damascus is the headquarters of a number of Palestinian groups that oppose the PLO-Israeli agreements. Strong Iranian-Syrian ties give Tehran the ability to influence politics in Lebanon, where Iranian financial and military support helps Hezbullah to confront Israeli troops in the "security zone" in southern Lebanon.

U.S. policy options

❑ **1. The U.S. should continue to apply pressure on the regime of Saddam Hussein in the hope of unseating him.**

Pro: Saddam Hussein has proven that he cannot live in peace with his neighbors. He attacked Iran in 1980 and Kuwait in 1990. He exhibits no signs of moderating either his expansionist goals or his brutality toward his own people. The region cannot be secure while he is in power. The U.S. must do everything it can to make sure that he does not regain his economic and military strength and once again threaten his neighbors. This includes maintaining UN economic sanctions and military monitoring and offering assistance to his domestic opposition.

Con: U.S. pressure on Iraq has been unsuccessful in unseating Saddam Hussein. The Iraqi opposition is either ineffective or too concerned with its internal squabbles to oust him. Economic sanctions have done enormous damage to the Iraqi middle class, the backbone of any stable successor regime. The human costs of the sanctions have been immense. Political and economic pressure on Iraq has raised the real possibility of the country's breakup, which could lead to a regional crisis as Iran, Turkey and the Arab states seek to play a role there. A united Iraq, even under a weakened Saddam Hussein, is better than a power vacuum.

❑ 2. The U.S. should open a dialogue on strategic issues with Iran, emphasizing areas of common interest, like stability in the Persian Gulf.

Pro: Iran is the most populous country in the Persian Gulf area. Real stability in the region cannot be achieved without Iranian cooperation. Economic pressure from the U.S. has not altered Iranian behavior or brought down the regime. Other major economic powers in Europe and Japan refuse to join the U.S. economic boycott of Iran, so it is futile to continue America's unilateral sanctions. A constructive dialogue aimed at finding areas of cooperation and boosting moderate forces in the Iranian regime will be more successful in changing Iranian policy on Arab-Israeli and nuclear issues.

Con: Iran sees itself as the driving force behind the Islamic revival in the Middle East. It supports groups like Hezbullah that seek to derail Arab-Israeli peace. It presents a military and ideological threat to U.S. Persian Gulf allies. Its government will not compromise its principles or its ambitions simply because the U.S. decides to talk with it. Pressure must be maintained to drive home to Iran's leaders the costs of opposing American interests.

❑ 3. The U.S. should make progress on Arab-Israeli peace issues a priority. It should be willing to offer financial incentives as well as use economic and political pressure on all the parties, including Israel, to move the process forward.

Pro: Arab-Israeli peace has been a goal of American foreign policy since World War II. Given the achievements of the last five years, a solid base has been built for real peace. The parties need to be pushed in that direction, not only for their own good but for American interests. A comprehensive Arab-Israeli peace would forever break the link between oil and the Arab-Israeli conflict that disrupted the world economy in the 1970s. It would deal a blow to Islamic extremist groups that seek to destabilize American allies. It would allow the formation of an economically and strategically integrated Middle East under American leadership.

Con: The U.S. should not waste its time and effort pushing reluctant nations to make peace. Agreements made under duress are bound to be fragile. The costs of maintaining them, both financially and politically, would be great. It is up to the parties themselves to work out their differences. An activist policy would set the U.S. on a collision course with the Israeli government, creating unnecessary tensions with this country's closest Middle East ally. It would require the U.S. to support the regimes of Arafat and Assad which violate human rights.

❑ 4. The U.S. should promote democratic political reform in the Middle East.

Pro: Democratic regimes make the most stable allies, are more peaceful than nondemocratic regimes, and are most likely to protect the human rights of their citizens. Promoting democracy in the Middle East is worthwhile in the long term even if the process of democratization leads to short-term instability.

Con: America's economic and strategic interests in the Middle East are too important to risk by pressuring its allies to democratize. The likely result of such efforts would be the replacement of friendly regimes by Islamic groups opposed to American interests.

❑ 5. The U.S. should reduce its military, political, economic and diplomatic commitments in the Middle East.

Pro: Oil is the key to American interests in the Middle East. Whoever is in charge in the oil states will have to sell the U.S. their oil. America does not need to maintain an expensive military force in the Persian Gulf to assure access to it. Washington's closest regional ally, Israel, is the strongest military power in the region. It can defend itself and help ensure American interests, even if the U.S. disengages from the area.

Con: As the world's remaining superpower, only the U.S. can deter aggressors, encourage old enemies to make peace and guarantee stability in the region. Its withdrawal could be followed by regional conflict, encompassing both the Persian Gulf and Arab-Israeli areas, that could seriously disrupt world oil supplies. The price Americans pay for remaining a principal actor in the area—military bases, foreign aid and a diplomatic role—is a relatively cheap insurance policy against the prospect of serious instability in this critically important area. ■

Opinion Ballot on page 89

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DISCUSSION QUESTIONS

1. How important is the Middle East to U.S. interests? Does it deserve the amount of attention and resources that it gets in American foreign policymaking?

2. Would you support efforts to decrease American reliance on imported oil, including paying more at the pump for gasoline, if it meant that the U.S. would not have to commit military forces to the Persian Gulf? Or is an American military presence there a reasonable price to pay for maintaining stability in the world oil market?

3. Should the U.S. pressure the current Israeli government to change its stance on the peace process? How appropriate is it for the U.S. to involve itself in the domestic politics of a democratic ally?

4. Should the U.S. become more involved in Iraqi domestic politics in order to protect Kurdish and other groups and hasten the downfall of Saddam Hussein? What kind of resources would you be willing to commit (e.g. financial support, direct U.S. efforts to destabilize the regime, air patrols, ground forces)?

5. Is it legitimate to say that Arab and/or Islamic culture is not hospitable to democratic government? What evidence is there for such an assertion? If you found the evidence convincing, would that be reason enough for the U.S. not to encourage democracy in the Middle East?

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AMERICA-MIDEAST EDUCATIONAL & TRAINING SERVICES, INC. (AMIDEAST), 1730 M St., NW, Suite 1100, Washington, DC 20036-4505; (202) 776-9600; Fax (202) 822-6563. ▫ A private, nonprofit organization promoting cooperation and understanding between Americans and the people of the Middle East and North Africa through education, information and development programs.

HUMAN RIGHTS WATCH/MIDDLE EAST, 485 Fifth Ave., 3rd fl., New York, NY 10017-6104; (212) 972-8400; Fax (212) 972-0905. ▫ Human Rights Watch/Middle East monitors and promotes internationally recognized human rights in the Middle East.

MIDDLE EAST INSTITUTE (MEI), 1761 N St., NW, Washington, DC 20036; (202) 785-1141; Fax (202) 331-8861. ▫ Serves as a resource center providing impartial information on recent developments. Organizes conferences and seminars. Publishes **The Middle East Journal** quarterly, reports, books and a newsletter.

MIDDLE EAST POLICY COUNCIL, 1730 M St., NW, Suite 512, Washington DC 20036; (202) 296-6767; Fax (202) 296-5791. ▫ A nonprofit, educational organization working to expand public discussion and understanding of issues affecting U.S. policy in the Middle East. Publications include quarterly journal **Middle East Policy,** occasional papers and books.

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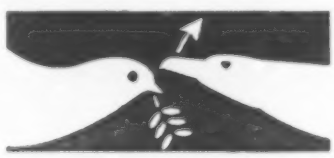

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Globalization: workplace winners and losers

How does the globalization of the U.S. economy affect jobs and wages in the U.S. and abroad? Who benefits from increased trade and competition? Who are the losers?

by Bruce Stokes

STREET SCENE IN OLD DELHI, INDIA, *where Barbie dolls vie with Guddies Frocks and Super Shoes for the consumer's rupees.*

"WHEN YOU'RE outa luck in this man's country, you certainly are outa luck," laments a down-on-his-luck character in John Dos Passos's 1937 trilogy *U.S.A.*

That statement was true about the Great Depression-era America Dos Passos described in such telling detail, and, disturbingly, it is also an accurate description of conditions facing many Americans today.

After decades of steady improvement in their incomes, many people are working harder, but not benefiting commensurately from the fruits of their labor. In the last decade and a half, wages have stagnated in the U.S. At the same time, many of the rich have been getting richer, while the poor have gotten poorer. There is widespread anxiety about America's future and the stability of American jobs. People are being forced to change their work more frequently and it is taking longer to find another job. And the new employment opportunities available to many workers often pay less than the jobs they left.

At the same time, Americans live in an economy that is doing quite well. The U.S. has experienced slow but sustained economic growth for the last half-dozen years. Exports are growing. The stock market has reached record highs. Unemployment is very low. In the last four years, more than 8.5 million new jobs have been created.

The U.S. economy is now more open to the world than it has ever been. Never before have Americans been able to consume so much from abroad—the latest low-priced, high-quality VCR or computer—or sold so much to foreigners. Never before has so much economic activity in the U.S. and so many jobs been dependent on exports. And not in recent history have interest rates in the U.S. benefited so much from the influx of foreign capital, which has made cars and homes and other items Americans buy on credit more affordable.

In the late 1980s, the Bush Administration's decision to enter into a free-trade pact with Mexico and Canada—the North American Free Trade Agreement (Nafta)—became a symbol of these two trends: the rapid globalization of the U.S. economy and the rising fear among many Americans about their personal economic security.

Nafta controversy

The 1992 presidential campaign focused even greater public attention on the alleged connection between the internationalization of the American economy and wage stagnation and employment anxiety in the U.S. During the campaign, trade was characterized by some as a "race to the bottom," with low wages and poor working conditions in developing nations pulling down standards in the U.S. The billionaire independent presidential aspirant H. Ross Perot predicted a "giant sucking sound" generated by U.S. jobs heading south of the Rio Grande river into Mexico because of Nafta. The ensuing congressional debate over approval of the Nafta agreement heightened concerns about "runaway factories." There were widespread fears that U.S. firms were fleeing overseas in search of low-priced labor, forcing American workers to compete

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80

with foreigners willing to work at a fraction of U.S. wages, under conditions long deemed intolerable in America.

Even after Congress had approved Nafta, controversy over global economic integration continued. It re-emerged during congressional deliberations on acceptance of the results of the Uruguay Round of multilateral trade negotiations—the final series under the auspices of the General Agreement on Tariffs and Trade (GATT), which led to creation of the new World Trade Organization (WTO) in 1995. Although Congress approved the trade pact, the congressional vote and public opinion split along pro and anti trade lines.

The 1996 presidential campaign of self-styled "economic nationalist" Patrick J. Buchanan, the conservative columnist, stirred the pot further. Buchanan repeatedly linked wage stagnation and corporate downsizing to globalization and proposed stiff new tariffs on imports from China and Japan.

Public unease about globalization and its impact upon working men and women was reflected in attitudes conveyed to pollsters. Over half of those surveyed by the Times Mirror Center for The People and The Press (now the Pew Research Center) in 1995 said they felt trade deals hurt job creation. Among average workers—those with no college degree and an income around $30,000—two thirds thought foreign trade hurts jobs.

Buchanan's poor showing in the 1996 Republican presidential primaries did not signal a newfound voters' acceptance of globalization. A plurality of voters in both the southern and midwestern states' primary elections said they believed trade destroyed jobs, a larger portion than voted for Buchanan.

At the same time, voters' unease about trade was reinforced by media focus on working conditions abroad. News reports and congressional testimony documented charges that clothing lines owned by TV talk show host Kathy Lee Gifford and other celebrities were actually made by children under sweatshop conditions in Central America.

But is such fear of international trade and the growing globalization of the American economy justified?

The picture is mixed. The U.S. continues to import more than it exports. The American trade deficit remains high. Many cars, electronic products and clothing items bought by American consumers are now made by foreign workers rather than U.S. manufacturers.

At the same time, exports now fuel the American economy. Nearly a quarter of the new American jobs created in the past few years were generated by exports and about a third of overall economic growth is thanks to sales abroad.

Is it possible to strike a balance between the benefits and costs of globalization? This will be one of the principal political and social challenges America faces as the 21st century approaches. At stake is the well-being of the U.S. economy, the pace of its integration into the world economy and the quality of life in American society today and in the future. ■

Parallel trends: are they related?

A GENERATION ago, the American economy was a self-contained, continental economy in which all that really mattered happened between the shores of the Atlantic in the east and the Pacific in the west. Today, the U.S. has an international economy, increasingly dependent upon imports, exports and foreign investment.

In the first half of the 1980s, exports accounted for 8% of the American economy. In 1995, the U.S. exported more of its gross national product (GNP) than Japan. And, if current trends continue, early in the next century, exports' contribution will double, to more than 16% of the economy, according to the *Economic Report of the President 1996*.

This growth in the importance of exports has narrowed the gap with the more internationally dependent European economies. Because of their small size and geographic proximity, they have traditionally traded more than the U.S.

At the same time, imports account for an even larger share of what Americans consume—about 9% of GNP in 1994—everything from automobiles and clothing to services, such as the data processing in legal and insurance work that now is often done overseas.

Foreign investment in the U.S. and American investment abroad have also grown dramatically in recent years. Since 1989, the total value of U.S. investment abroad has grown by more than 50%, and foreign investment in the U.S. has increased by nearly a third.

The international companies behind this investment—whether it be Chrysler building plants in China or Daimler-Benz investing in the U.S.—drive the globalization process by increasing trade. Such multinational companies now account for at least half of U.S. exports and more than half of U.S. imports.

American consumers have been the principal beneficiaries of these trade patterns. In the 1950s and 1960s, the U.S. was primarily a national economy—imports and exports combined only accounted for 6% of the GNP in 1960 (compared with 16% in 1994). Some 40 years ago consumer choice was limited, and the price and quality of items Americans bought were unaffected by competition from abroad. It was the opening of the economy to the world that brought Americans fuel-efficient cars, consumer electronics like the Walkman, and affordable, high-fashion shoes and apparel.

Consequently, American workers have benefited. Exports mean jobs. Export-related jobs accounted for 23% of private industry new-job growth between 1990 and 1994. And in the last decade, jobs supported by exports have risen four times faster than overall private-industry job creation. As a result, 12 million Americans now owe their jobs to exports, out of a civilian labor force of 67 million people.

At the individual company level, jobs are created almost 20% faster in firms that export than in those that have never exported or have stopped exporting. And such exporting enterprises are less likely to go out of business, according to a recent study published by the not-for-profit Institute for International

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Economics, a Washington, DC, research organization..

But the globalization of the American economy has been an unbalanced one. America is importing and exporting more, but over the last two decades the value of imports into the U.S. has dwarfed the value of U.S. exports. The last time the U.S. ran a trade surplus was in 1975. Since then America has accumulated a $1.3 trillion trade deficit.

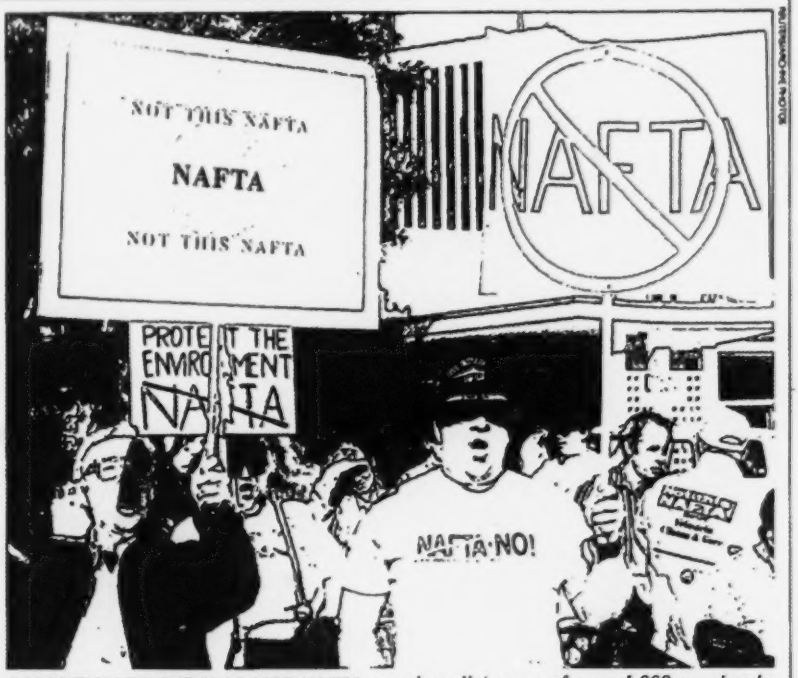
Globalization has occurred at the same time troubling wage trends have affected the lives of individual workers. Between 1979 and 1995, real hourly compensation in the U.S. increased by a total of only 5.4% over the entire 16-year period—an average of only 0.3% per year. Moreover, the inflation-adjusted wage rate of the typical worker—a mythical individual whose income falls exactly in the middle, with half the workforce earning more and half the workforce earning less—fell 3.7% from 1979 to 1989 and another 3.1% from 1989 to 1994. In fact, 70% of the workforce had lower wages in 1994 than in 1979, according to the Economic Policy Institute, a Washington, DC, labor-oriented research organization.

Even when the income of the family as a whole is taken into account—including the wages or salary of a spouse, pension and interest income and government cash assistance—a typical family's income was no larger in 1994 than it was in 1979.

Not everyone has shared equally in this stagnation of incomes. From 1979 to 1994, families whose incomes placed them in the top 20% of all Americans saw their share of total family income in the economy grow. All other families saw their share decline. And the gap between the incomes of the very well-off and everyone else is larger now than at any time since World War II.

While incomes have stagnated and grown more disparate, the creation of new jobs has slowed. During the recent economic expansion, from 1989 to 1995, according to *The State of Working in America 1996–97*, employment grew by only 1% a year. During a similar upturn in the business cycle in the 1970s, employment grew at a rate of 1.7%.

Job instability has also increased dramatically. In the 1970s, only one out of eight men changed jobs four times or more in the course of the decade. In the 1980s, nearly one out of four men experienced a similar degree of job insecurity.



OPPOSITION TO THE PROPOSED NAFTA *was the rallying cry of some 1,000 people who demonstrated in San Francisco in October 1993. The AFL-CIO, which was holding its national convention in the city, organized the protest.*

And even when a displaced worker finds a new job, he or she is not likely to earn as much or maintain the same benefits. New jobs now tend to pay about 15% less than old jobs. And, if workers had health coverage in their previous job, they stand a one in four chance of losing that benefit in a new position.

U.S. reflects global trends

The U.S. is not alone in facing problems that seem linked to globalization: stagnating incomes, unemployment and inequality. From 1970 to 1990, all major industrial nations, including Japan, experienced a decline in manufacturing employment. In most countries, about a third of this decline can be traced to trade with low-wage economies.

Australia and New Zealand have experienced an actual decline in real wages for low-income workers over the last decade. In most other industrial economies, the poorest workers saw at least some increase in their compensation, although only in Germany did their wages grow faster than the wages of high-paid workers.

Rising income inequality is more widespread. Since 1979, the disparity between the incomes of the richest segments of society and the poorest have grown rapidly in Britain, and to a lesser extent in France and Italy.

And the flight of U.S. and other industrial-country investment abroad has often not proven as beneficial as many in the recipient countries once hoped for. International competition has forced firms to operate leaner, even when they are shifting work from Tennessee to China. As a result, overseas employment levels in U.S. multinational firms have declined 8% faster than the domestic employment levels of parent companies.

At the same time, Mexico, which was supposed to be the prime beneficiary of the foremost example of globalization—Nafta—saw the internationalization of the Mexican economy coincide with a prolonged economic downturn. In 1995, the Mexican economy shrank by 6.9%, while inflation grew by 52% and unemployment soared. Economists debate whether there is any meaningful relationship between Nafta and this de-

82
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pression. The root cause was the peso crisis, which led to a dramatic devaluation of the Mexican currency. The peso crisis was caused by an influx of highly speculative foreign capital into the Mexican economy. Foreign investors put money in the Mexican stock market because of unrealistic expectations of the benefits from Nafta, and Mexican financial authorities failed to properly manage the situation. Although Nafta was not directly to blame, it did cause the influx of destabilizing capital. As a result of the crisis, the boost in Mexican employment that was to have accompanied Nafta, particularly in the interior of the country where joblessness is most severe, has not materialized.

Moreover, income inequality is clearly on the rise in some other developing countries that have recently opened their economies to international competition. China, Chile and Sri Lanka, for example, have all experienced a rise in inequality in parallel with the globalization of their economies. ■

Beyond wages and employment

SAM SPRAGUE, EFFECT VISUALS

A YOUNG GIRL *works at a loom in Cairo, Egypt. The use of children under the age of 15 to produce goods for international trade is growing.*

THE EMERGENCE of the global market has pitted American, European and Japanese workers in competition with workers in China, India, Brazil and other developing countries, where working conditions and wages are not close to those in the industrial world.

A worker making Nike running shoes in Jakarta, Indonesia, for example, makes $2.28 a day. If such shoes were still made in the U.S., the person who made them would make more than twice that amount per hour. In economic terms, the lower productivity of the Indonesian worker offers some justification for lower pay. But clearly the value added by American workers is not sufficient to keep the work in the U.S.

But the wage paid in Indonesia is not sufficient to live on. The Indonesian government admits that an individual needs no less than $4 a day to pay for basic human needs in an urban area such as Jakarta, Indonesia's capital. Thus Nike workers in Indonesia don't even make enough to make ends meet there.

Similar wage differentials exist around the world. Hourly manufacturing wages in the U.S. are about eight times higher than those in Mexico. Wages in China are often less than one dollar a day. American workers can attempt to work harder or make better use of technology to compete with Japanese or European workers who earn roughly the same amount. But it is impossible for U.S. workers to improve their productivity eightfold to compete with Mexican workers doing the same job.

Economists theorize that American workers can preserve their jobs by concentrating on sophisticated production activities while low-skilled jobs migrate to places like Mexico and China. But in reality, low-paid workers in developing countries are often just as adept at adopting advanced-production techniques as their higher paid counterparts in industrial nations.

For example, in Tijuana, Mexico, blue-smocked Indian women methodically snap small, boxlike television tuners into electronic circuit boards, which move past them on a conveyer belt. Some of these women are expected to add five or six components to each circuit board.These are the elements that become the brains of another Sony color TV. The pace is relentless on this assembly line at Video Tec de Mexico SA de CV, a division of Sony Engineering and Manufacturing of America. By the end of the day, Video Tec's 3,000 employees, working on six assembly lines—five for televisions and one for computer monitors—have assembled the innards of 6,000 Sony Trinitron color television sets and computer monitors. There is constant pressure for them to go faster. At a time of peak demand, the plant assembles 10,000 TV sets a day. And these Mexicans do all this for $2 an hour, one fifth of what their U.S. counterparts make in Sony's sister facility only about 15 miles across the border, in Rancho Bernardo, California.

Sony's Mexican operation is not the typical screwdriver plant, set up merely to assemble products for the U.S. using

low-skilled, cheap labor. At Video Tec, only large components and odd shapes are still assembled by hand. Some 80% of the circuit-board components are now inserted by machine, using state-of-the-art manufacturing techniques.

Similarly, at the Ford Motor Co. plant in Hermosillo, Mexico, Mexican workers produce small passenger cars for the U.S. market using the most-advanced production techniques first developed by the Japanese. Sophisticated just-in-time delivery of parts, involving computer management of inventories, brings auto seats or headlight parts to the assembly just as they are needed. Zero-defect quality control procedures ensure that Mexican-made cars are no worse than those made in Detroit, Michigan, or Toyota City, Japan. And all this is accomplished with workers who make a fraction of what their counterparts make north of the Rio Grande, producing cars that are only a few hours by train from major American markets.

Child labor

The emergence of the global market has coincided with the growing use of children to produce goods for international trade. Some 250 million of the world's children under the age of 15 work on farms, in factories and in households. Children are particularly prevalent in India's workforce. The South Asian Coalition on Child Servitude estimates that 55 million Indian children work, out of a total national population of 937 million. The Indian government puts the number at closer to 18 million, but even this more-conservative estimate is as large as the entire labor force of Canada.

The vast majority of these children work on farms or in manufacturing activities for the domestic market. As developing nations attempt to expand exports to spur economic growth, many of their companies are trying to break into the world market by hiring more children at lower wages to hold down costs. In India, for example, carpet makers, gemstone exporters and brassware makers, all of whom the Indian government is pushing to export more, are among the worst abusers of child labor, according to the International Labor Organization, the UN's specialized agency that oversees labor standards.

Such firms are often aided and abetted by U.S., European and Japanese multinational corporations that are willing to subcontract work to companies without first asking who is going to do the work and under what conditions.

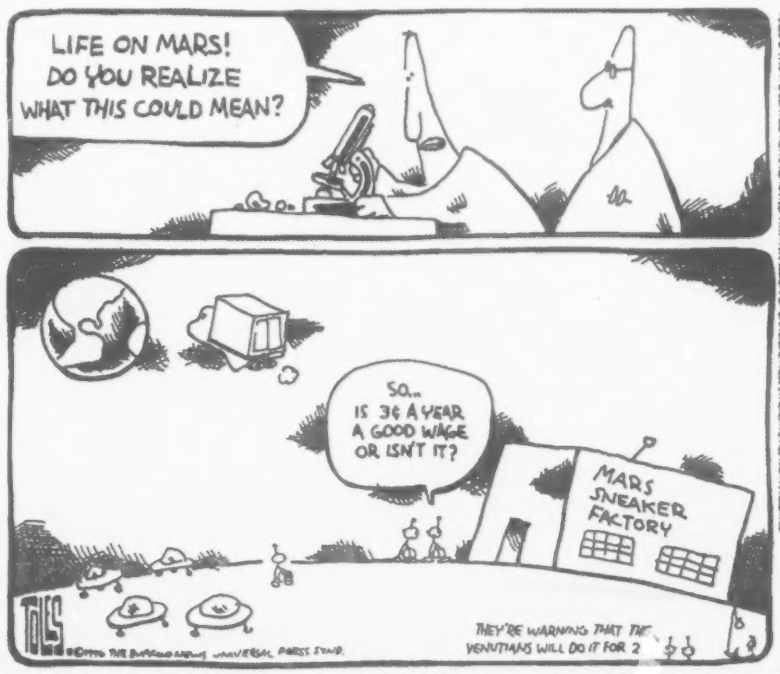
The result: after a century and a half of efforts to curb the use of child labor, the number of child workers around the world is thought by many experts in the field to be actually growing. ■

The debate over globalization

THE GLOBALIZATION of the American economy and the economies of other nations, the stagnation of wages, rising job insecurity, reports of widespread use of child labor and inhumane working conditions have all occurred at the same time. Are these phenomena related in a meaningful way?

Yes, say many labor economists. When American consumers buy an imported product, American jobs are not generated and American families do not have the income from those jobs. It is true that globalization has been a two-way street, increasing both U.S. imports and exports. But export industries tend to be less labor-intensive than import-competing industries. As a result, even if U.S. international trade were in balance, which it has not been for more than 20 years, globalization would probably have led to job losses. On the whole, these economists argue, increased imports reduced manufacturing employment in the U.S. by 5.9% between 1978 and 1990, and almost all of that job loss was due to products from developing countries, where wages are a fraction of those in the U.S. In addition, workers who lose their jobs to imports are likely to be out of work longer and earn less even after they go back to work.

Free-trade deals intended to expand international commerce have been directly associated with job losses. Over the first two years of Nafta, the U.S. Department of Labor has determined that 53,000 U.S. workers lost their jobs as a result of the pact and qualified for government trade-adjustment assistance. The AFL-CIO argues that these displaced workers represent the tip of the iceberg and that 10 times as many


LIFE ON MARS! DO YOU REALIZE WHAT THIS COULD MEAN?
SO... IS 3¢ A YEAR A GOOD WAGE OR ISN'T IT?
MARS SNEAKER FACTORY
THEY'RE WARNING THAT THE VENUTIANS WILL DO IT FOR 2

84

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Foreman said these jobs are goin' boys,
And they ain't comin' back.

—Bruce Springsteen

MOUNT PLEASANT, PA....Here in western Pennsylvania, only 30 miles from Pittsburgh, the contradictions created by the globalization of the U.S. economy are being played out every day in the lives of average Americans. In cities and towns like this, exports and foreign investment have created islands of prosperity amidst a sea of economic stagnation caused, in part, by imports and the flight of jobs overseas.

First, the good news. Rising like Phoenixes out of the rubble of the rust belt, dozens of highly successful, export-driven small manufacturing firms have emerged here in recent years.

In a sprawling factory complex in Mount Pleasant, where Volkswagen (VW) once built thousands of Rabbit automobiles, more than 600 workers for Sony Electronics Inc. now assemble all of the company's big-screen TVs sold in the Western Hemisphere.

The operation is truly global in scope. Sony gets 80% of the parts for these sets from the U.S. But it also uses semiconductors from Japan, circuit boards from Tijuana, and resistors, diodes and capacitors from Southeast Asia. And Sony exports its final product to South America, East Asia and the Middle East.

Sony is not the only firm in the old industrial heartland that now looks to world markets. In nearby Murrysville, PA, Respironics Inc. makes ventilation devices for people with breathing disorders. The company has been manufacturing in Hong Kong since 1981, imports 15% to 25% of its parts from China, and its exports account for 18% of its business. Sales have quadrupled in just five years.

Similarly, Medrad Inc. in Indianola, PA, makes injection equipment for medical imaging. Medrad's international sales have nearly doubled since 1991 and account for a quarter of company revenues. Management's goal is one day to export half of Medrad's production. Thanks to this strong international performance, the firm tripled its workforce in the last decade.

Sony, Medrad and Respironics are the new, positive, international face of the American economy, competing and succeeding on a world level.

But there is a darker side to this picture. The jobs these firms have created and the wages they pay fall far short of replacing what the region has lost in recent years, under pressure from the world market. At its peak, Volkswagen employed 4,500 people at its Mount Pleasant plant, seven times the number that currently work there for Sony. And many of the jobs that have been created pay a fraction of what people earned at their old jobs. The nonunion production workers at Medrad average $7.25 per hour. Respironics employees, also nonunion, average between $7 and $8 an hour. Unionized VW workers were paid more than $14 an hour in the late 1980s before the auto plant shut down because it couldn't keep up with competition from Japanese imports.

This is the contradiction posed by a rapidly internationalizing American economy: jobs for some, job losses for others and lower wages for many.

It is not, say many thoughtful observers, a sustainable formula. The U.S. must find a way to spread the benefits of competing in a world market or public support for trade will surely diminish.

"The goal [of globalization] is to raise our standard of living," said former under secretary of commerce for international trade Jeffrey E. Garten."If we lose sight of that, if 9 out of 10 communities don't get it, then we would have become much more competitive and lost the whole point."

It's the problem people here in Mount Pleasant wrestle with every day. ■

jobs were lost or not created in the U.S. because of duty-free imports from Mexico.

Moreover, as international trade has expanded, American workers have increasingly been put in the position of competing against foreigners, many of whom are children not paid a living wage and forced to work under unsafe conditions. Such competition triggers a "race to the bottom," with Americans being forced to lower their wages and work longer hours just to keep production at home.

Such exploitation of workers, rather than being better than no job at all, often only worsens conditions in other countries. Studies in India have found that adult unemployment is often highest in areas of the greatest use of child labor, suggesting that adult workers are frequently displaced by children. This phenomenon is part of a vicious cycle, in which jobless parents are forced to send their own children to work, displacing even more adults. Thus child labor is not simply a consequence of poverty, but one of its causes. And its removal would be likely to increase the well-being of the poor.

To the layman, this data appears to be a compelling indictment of globalization. But the picture these dire numbers paint is little more than a snapshot, not a moving picture of the dynamic American economy. Have American incomes really fallen? Has the quality of life those incomes buy diminished? Is globalization the main cause of the wage and employment problems experienced in the U.S. over the last generation?

Analysts point out that the economy has now seen six years without a recession, an impressive record, even if growth has been slow. Unemployment stood at 5.1% in August 1996, a seven-year low.

More specifically on trade-related issues, many economists argue that America's persistent trade deficit does not mean that globalization has somehow gone awry. If foreigners want to trade products such as cars and televisions with inherent value for mere pieces of paper—American dollars that are nothing more than a claim against the U.S.—Americans should be happy to make such a deal. At any rate, the trade deficit is of less significance than it appears because, as a portion of the overall American economy, it has declined since it peaked in the mid-1980s.

Many economists also argue that people are not worse off. The authors of a study published by the Institute for International Economics point out that workers today not only earn wages but also commissions, bonuses and other lump-sum payments that should be factored into their incomes, as well as benefits such as insurance, paid vacations and employers' contributions to pen-

sion funds and Social Security. When all such forms of compensation are measured and adjusted for inflation, total compensation had risen by 14.4% between 1980 and 1994.

For these reasons, some analysts say, people are not as badly off as they think. Moreover, the problems that do exist should not be blamed on globalization.

"International competition has undoubtedly put some downward pressure on wages in a few sectors," concluded Robert Z. Lawrence in a study published by the New York-based Trilateral Commission, which focuses on relations between North America, Western Europe and Japan, but "the impact is not sufficiently large to explain much of the...wage inequality that emerged in the 1980s."

At most, trade accounts for about 15% of the growing pay differential between college-educated workers and their high-school-educated counterparts.

Export jobs pay more

For those who actually produce exports, trade has meant larger paychecks. The average American worker in a plant producing for export earns wages that are 15% higher than a worker in a plant that does not export.

Foreign investment has not deprived Americans of a healthy and growing economy, and it has created a more secure future. Some 5% of all American workers in private companies are now employed by foreign firms that have invested in the U.S.

At the same time, U.S. foreign investment abroad creates jobs at home. In 1993, nearly a quarter of U.S. goods exported were from U.S. firms stateside to their own foreign operations. And, contrary to popular belief that American firms are hollowing out their U.S.-based operations, such exports have enabled U.S. international companies to continue to employ 18% of all nongovernmental civilian workers.

Nafta has also been a job creator, not a job destroyer, argue many business leaders. In 1996, the U.S. Department of Commerce estimated that over 700,000 American jobs were dependent on exports to Mexico, and this number is expected to rise as the Mexican economy bounces back from its recent recession.

Nor is competition from abroad bad for American business. In fact, it has been a driving force in making U.S. firms leaner and more competitive. This is particularly evident in two of the industries hardest hit by imports: steel and autos. Once some of the most inefficient producers in the world, U.S. steelmakers now produce a ton of steel with less labor than any of their competitors (though not more cheaply). U.S. automakers have also dramatically closed the gap in productivity and quality with their Japanese competitors, and at some individual auto plants they now have surpassed Japanese efficiency.

IN ROCKLAND, MAINE, *women fill out forms to receive unemployment benefits. Although unemployment in August 1996 hit a seven-year low, many Americans find themselves changing jobs more frequently and taking longer to find new work.*

New markets emerging

Over time, much of the production going on in developing countries by big multinational corporations will not be aimed at the American market but will be targeted to emerging markets. For example, rather than compete with U.S.-based production, Sony's Video Tec plant in Mexico complements it. Sony's picture tubes come from its Rancho Bernardo facility in southern California. Moreover, Sony has begun to use its Mexican facility as a production platform for all of the Western Hemisphere. While Video Tec sold only 3% of its TV production in the Mexican market in 1993, that portion grew to 10% in 1994 and continues to grow. An additional 30% of the TVs rolling off the Tijuana assembly line are sold to other countries in Latin America.

Globalization is not a "race to the bottom." Lower labor costs and standards are often the developing world's only comparative advantage. Most countries have the right mix of natural resources, appropriate workforce and know-how to make some products and not others. At the end of the 20th century, Indonesia has a workforce that gives it a comparative advantage in making low-priced, relatively unsophisticated products, such as running shoes. The U.S. has an advantage making high-tech products. Both sides can benefit if they trade the products they are best suited to make.

Moreover, diversity of labor practices and standards is widespread and reflects differences in cultural values, economic conditions and beliefs concerning the economic consequences of specific labor standards. Forcing developing countries to raise prematurely their labor standards could hamper efficiency and growth and adversely affect poverty eradication, hurting rather than helping them.

"The truth is," continues Lawrence, "that average American wages have grown slowly not because others have taken much bigger pieces of the worker's pie, but because the pie itself has expanded slowly. The major source of the slow growth in U.S. wages is not...foreigners, but a decline in U.S. productivity growth." And that decline is centered in companies that have chosen not to be part of the international market. ■

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What can be done?

PRESIDENTIAL candidates from Democratic Representative Richard A. Gephardt in 1988 to independent H. Ross Perot in 1992 to Republican Patrick J. Buchanan in 1996 have proposed imposing restraints on imports as one means of coping with the pressure of the international economy on the American workforce. Over the years, these proposals have taken the form of quotas (limiting the actual quantity of a particular product entering the country) and outright bans on particular imports. Buchanan suggested a 10% tariff (a tax that would increase the price of imported goods) on all imports from Japan and a 20% tariff on all purchases from China, because of the large trade surpluses they run with the U.S.

Limits on cars backfire

In the 1980s, U.S. limits on the importation of Japanese cars did force Japanese automakers to move production to the U.S., helping the trade imbalance and creating jobs in Kentucky, Tennessee, Ohio and other states. But workers are also consumers. Any benefits created by a trade barrier must be balanced against the cost of such barriers because they drive up consumer prices. Studies have shown that the limitations on autos drove up the price of the Japanese cars that were imported into the U.S., costing American consumers billions of dollars a year. Moreover, this money went into the pockets of Toyota and Nissan, having the perverse effect of subsidizing the competition for Ford and General Motors. The same has been true with other attempts to limit imports. Limits on textile and apparel imports into the U.S. cost the American economy more than $50,000 a year for every job saved.

Similarly, there have been proposals to restrict U.S. foreign investment abroad to halt the exportation of jobs. More sophisticated proposals have suggested offering tax incentives and relaxation of regulations in return for corporations keeping jobs at home.

In a global economy, where American firms are competing with their European and Asian opposition in every market in the world, curbs on foreign investment could severely weaken U.S. companies on those battlegrounds. Many nations insist that goods sold in their markets have to be produced there. And there is evidence that the failure of U.S. corporations to invest as much as their Japanese counterparts have in East Asia—because U.S. management did not appreciate the long-run opportunities—has hurt the export of American products to that region. Formal restrictions on such investment would only worsen the problem.

The costs of import limitation are what led the Reagan, Bush and Clinton Administrations to emphasize export expansion as a means of lowering the trade deficit and improving jobs for all Americans. To a great extent it has been successful, although much remains to be done. Exports have been one of the few sources of new job creation, and export jobs pay more.

The task ahead is formidable. Just to maintain the current U.S. share of the world market will require a doubling of U.S. exports over the next decade. To do that will require tough new initiatives to convince foreign governments to lower their trade barriers. Such aggressive trade diplomacy risks retaliation against U.S. exporters.

The U.S. also needs to involve more small- and medium-sized firms in the global market, like Medrad and its sister companies in western Pennsylvania (see box, p. 82). Most U.S. exports are still generated by major multinational firms. There is a large, untapped export potential among companies that heretofore have focused all their attention on the domestic American market. Their involvement in the global arena could reap benefits, creating jobs and raising wages in small towns all over the nation.

To maximize U.S. exports and personal-earnings potential, Americans have to work smarter, building better products for less. This requires a highly educated and trained workforce. These workers will, in turn, make more money. From 1979 to 1995, workers with only a high-school education saw their hourly wages drop by nearly 12%. People with a college education saw their incomes rise by more than 4%.

To create a better educated, higher-wage workforce, the Clinton Administration has proposed more funding for post-high-school education and new retraining efforts for the unemployed, to ease their transition back into the workforce. But simply throwing money at the problem will not succeed. For three decades Washington has been experimenting with how to retrain workers displaced by imports. Nothing has worked very well: training, with no new job to go to, is often a waste of time.

Unions' impact on wages

To press for higher wages, unions have stepped up efforts to organize workers. The proportion of the U.S. workforce that is organized has declined sharply over the last generation. And many union leaders attribute this erosion of power of organized labor to competition from abroad. If workers threaten to organize or hold out for higher wages, management can threaten to move the work overseas.

Recent analyses by the Organization for Economic Cooperation and Development (OECD), the Paris-based think tank for the industrial nations established in 1960, have concluded that "higher rates of unionization and collective-bargaining coverage reduce the incidence of low-paid employment."

While greater unionization might create a floor under U.S. wages, there is little evidence it would help to improve dramatically stagnating American wages. Between 1979 and 1990 earnings of unionized workers grew no faster than those of nonunion workers. However, organized labor enjoyed better health benefits and pensions than nonunion workers.

For its part, management argues it needs lower taxation and less regulation to stimulate investment, which will, in turn, improve U.S. competitiveness and stabilize jobs and wages. U.S. competitors already have such benefits. European governments rebate value-added taxes, essentially hidden sales taxes, at the border, enabling their companies to charge lower prices. And Japanese automakers pay lower health-care costs than their American counterparts. Those lower costs are reflected in the sticker price. American firms seek lower capital-gains taxes and investment credits to give them a leg up.

87

Dealing with low wages, poor working conditions and the exploitation of labor in developing countries is an even greater challenge. The starting point could be the short list of universally recognized worker rights: freedom of association, organization and collective bargaining, freedom from forced or compulsory labor, a minimum age for the employment of children and minimal working conditions. Nations have agreed to protect these rights when joining the ILO, but few actually enforce them.

The U.S., Europe and Japan could demand that nations enforce their laws guaranteeing a minimal working environment. If nations refuse, the industrial countries could threaten trade sanctions and hold up loans from the World Bank, the world's largest international development lending agency.

Improving labor standards

In addition, the U.S. grants many developing nations preferential access to the U.S. market. Protection of labor rights is one of the conditions for participation in this program. Threats to withdraw these special trade privileges have succeeded in improving working conditions in parts of Central America and the Caribbean and might be used more broadly. Similarly, the nations of Latin America want a free-trade area with the U.S. Duty-free access to the U.S. market could be made conditional on improving labor standards. Nafta already has a similar provision, in which Mexico agrees to enforce its own labor laws.

Child labor can be curbed by banning the importation of manufactured goods and mining products made by children. Consumers can help by joining the "rug mark" campaign, refusing to buy handmade rugs unless retailers can certify that they were not made by children.

Attempts to improve working conditions in poor countries or to end the exploitation of children must be careful to avoid hurting the very people such efforts are intended to help. Abolition of child labor in the export sector, for example, may simply push children into production for the domestic market. Children and their families need alternatives to child labor. For example, no country has successfully ended child labor without first making education compulsory, in part because it is administratively easier to monitor school attendance than to monitor children in the workplace and easier to force parents to send their children to school than to force employers not to hire children.

In Business News, the Fed announced it will keep interest rates low...
That's good.
But our trade deficit is soaring...
That's bad.
Which keeps inflation under control...
That's good.
But hurts U.S. jobs...
That's bad.
But keeps the markets up...
That's good.
I'm confused.
Which keeps confusion steady...

Yet, not a single Indian state has made primary-school education compulsory, and an estimated 73 million children do not attend school and are in the labor pool available to work. India pleads poverty, and some Indians privately say low-caste children do not need to be educated. Without money to build schools and pressure from the international community to offer education to all children, child labor will not end.

Finally, while the equalization of wages around the world or the creation of a global minimum wage is not seriously advocated by anyone, the improvement of wages in low-income countries could benefit everyone. Early in this century, the American industrialist Henry Ford created a U.S. market for automobiles by paying his workers enough to be able to afford the cars they produced. Higher wages in the developing world will lead to increased consumption in Africa, Asia and Latin America, spurring exports from Europe, Japan and the U.S.

It is not clear whether these or any such initiatives will overcome prolonged wage stagnation, reduce endemic job instability or deal with the imbalance in wages and working conditions between developed and developing nations. For reasons that are not quite clear, wages in the U.S. have improved somewhat and employment problems have eased in the last year or so. But it is too soon to tell if this signals a reversal of recent trends or just an aberration in the data. Economists do not know why it took six years of economic growth before wages started to improve. And this improvement may be shortlived. The U.S. is long overdue for a recession. When an economic downturn hits, incomes may slide again, as joblessness increases.

One thing seems certain, however. For good or for ill, the American economy is now inextricably tied to the world economy. American jobs and economic growth are dependent on world markets in a way they never were before. Disentangling the U.S. from the global market would be difficult, if not impossible, and would generate its own set of problems for workers and consumers. For this reason, it is likely that the U.S. will be wrestling with two issues for some time to come: ever greater competition from the global market and stagnating incomes and job instability. ■

Opinion Ballot on page 89

88
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DISCUSSION QUESTIONS

1. What is to blame for the stagnation in wages and rising job insecurity? Is it competition from abroad? Technology? Some other factor?

2. Should Washington impose high tariffs and quotas on imports to protect U.S. jobs? Or should the U.S. make greater efforts to expand exports and create new jobs?

3. As a consumer, would you be willing to pay 10%, 20%, 30% more for goods if they were made in the U.S.? As a taxpayer, how much do you think the U.S. government should pay per year to protect one American job? $10,000? $25,000? $50,000?

4. The rich are getting richer while the poor get poorer, not only in America but in many other nations around the world. Does the U.S. government have any responsibility to help narrow the income gap? Within the U.S.? Outside the U.S.? How, exactly, could that be accomplished?

5. Americans have long believed that education is the best solution to many social problems. But retraining displaced workers—those who have lost their jobs—doesn't seem to work without jobs available. Should the government go the next step and make an effort to help create jobs?

6. Many Americans say they feel anxious about their economic future. Is their concern justified? What has been your experience and that of your friends? More specifically, how do you square the apparent contradiction between the public's pessimism about the economy with evidence that life is getting better—people own VCRs and computers, items our parents never dreamed of owning?

READINGS AND RESOURCES

Economic Report of the President 1996. Washington, DC, U.S. Government Printing Office for the Council of Economic Advisers, 1996. 406 pp. $15.00 (paper). (202) 512-1800. An annual overview of the economy, it has a useful compilation of economic data in the appendix and a good chapter on the U.S. in the world economy.

Job Creation and Employment Opportunities: The U.S. Labor Market, 1993–1996. Washington, DC, Council of Economic Advisers, April 23, 1996. 11 pp. Free. (202) 395-7332. A report by the White House economists on job performance during the Clinton Administration.

Mishel, Lawrence, Bernstein, Jared, and Schmitt, John, **The State of Working America 1996–97.** New York, Sharpe for the Economic Policy Institute, 1996. 480 pp. $24.95. Annual report on conditions facing working men and women, with many charts and graphs, by the premier labor-oriented think tank.

Samuelson, Robert J., **The Good Life and its Discontents: The American Dream in the Age of Entitlement 1945–1995.** New York, Times Books, 1996. 320 pp. $25.00. A skeptical account of American self-doubt and economic anxiety amidst plenty.

Thygesen, Niels, Kosai, Yutaka, and Lawrence, Robert Z., **Globalization and Trilateral Labor Markets: Evidence and Implications.** Washington, DC, Brookings Institution for The Trilateral Commission, 1996. 108 pp. $9.00. An assessment by a European, a Japanese and an American of the impact of global economic integration on the workforce. It concludes that the impact has been minimal.

Trade and Investment Reference Manual. Washington, DC, The Business Roundtable, 1996. A compilation of data intended to make the case that trade is good for America, published by the trade association of some of the biggest U.S. multinational corporations.

AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH (AEI), 1150 17th St., Washington, DC 20036; (202) 862-5800; Fax (202) 862-7177. ▫ A private research organization devoted to "open and competitive private enterprise" and "limited and public-spirited government." Publications include books and the bimonthly journal **The American Enterprise.**

ECONOMIC POLICY INSTITUTE, 1660 L St., NW, Suite 1200, Washington, DC 20036; (202) 775-8810; Fax (202) 775-0819. ▫ Works to broaden the debate over economic policy to better serve the needs of America's working people through research and public education. Publications include over 150 books, studies and papers on a variety of topics relating to American workers.

INSTITUTE FOR INTERNATIONAL ECONOMICS (IIE), 11 Dupont Circle, NW, 6th fl., Washington, DC 20036-1207; (202) 328-9000; Fax (202) 328-5432. ▫ A research and analysis organization that publishes the bimonthly **International Economic Insights**, various books and reports.

WORLD BANK, 1818 H St., NW, Washington, DC 20433; (202) 477-1234; Fax (202) 477-6391. ▫ Consists of the International Bank for Reconstruction and Development and the International Development Association. Central purpose is to promote economic and social progress in developing nations by helping raise productivity to improve the quality of life for the world's people, especially the poorest. Publishes books, an annual report and the weekly newsletter **World Bank News** available to institutions, educators and the media.

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OPINION BALLOTS

Please feel free to xerox opinion ballots, *but be sure to submit only one ballot per person.*
To have your vote counted, mail ballots by June 30, 1997. Send ballots to:

FOREIGN POLICY ASSOCIATION, 470 PARK AVENUE SOUTH, NEW YORK, NY 10016-6819

TOPIC 1 Today's Media

ISSUE A. *Do the following news media have too much influence on the conduct of U.S. foreign policy, the right amount of influence or too little influence?*

	TOO MUCH INFLUENCE	RIGHT AMOUNT OF INFLUENCE	TOO LITTLE INFLUENCE
1. Network TV news	❑	❑	❑
2. Newspapers	❑	❑	❑
3. Talk radio	❑	❑	❑
4. News magazines	❑	❑	❑
5. PBS NewsHour	❑	❑	❑
6. Cable TV news	❑	❑	❑

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

TOPIC 2 Northeast Asia

ISSUE A. *In its security strategy in Northeast Asia, the U.S. should (choose one):*

____ 1. Continue to play the role of regional policeman.
____ 2. Renegotiate security alliances and establish a traditional balance of power in the region.
____ 3. Withdraw U.S. military forces from Northeast Asia to U.S. territory.
____ 4. Other, or comment .....

.....

ISSUE B. *In its economic strategy in Northeast Asia, the U.S. should (choose one):*

____ 1. Rely on WTO and APEC to reduce Northeast Asian trade barriers.
____ 2. Rely on bilateral negotiations to reduce Northeast Asian trade barriers.
____ 3. Block Northeast Asian exports on a case-by-case basis when American producers are hurt.
____ 4. Other, or comment .....

.....

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

TOPIC 3 Russia and the U.S.

ISSUE A. *In its relations with Russia, the U.S. should (choose one):*

____ 1. Continue present policy of economic assistance and diplomatic cooperation.
____ 2. Cut back economic assistance and take a tougher diplomatic stance.
____ 3. Adopt a policy patterned on former containment policy.
____ 4. Other, or comment .....

.....

.....

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

TOPIC 4 Terrorism and Crime

ISSUE A. *For each of the following statements, indicate whether you agree or disagree:*

	AGREE	DISAGREE
1. Homegrown terrorism is a greater menace than terrorism fostered overseas.	❑	❑
2. The inconvenience of tightened security at airports and other public places is a price worth paying for safety from terrorist attack.	❑	❑
3. The U.S. should mount retaliatory strikes against governments that sponsor terrorist attacks on Americans.	❑	❑
4. Federal authority to conduct wiretaps should be expanded to combat international organized crime and terrorism.	❑	❑
5. The CIA should work with anyone who can help catch terrorists, even "unsavory characters."	❑	❑
6. There are circumstances under which the use of terrorism may be justified.	❑	❑

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

OPINION BALLOTS

In planning future GREAT DECISIONS programs, we would find it helpful to know more about participants and would appreciate your answers to the questions below.

A. *How many years have you participated in the GREAT DECISIONS program (that is, attended one or more discussion sessions)?*
- ❑ 1. This is the first year I have participated.
- ❑ 2. I participated in one previous year.
- ❑ 3. I participated in more than one previous year.

B. *What is your age?*
- ❑ 1. 17 or under ❑ 2. 18 to 30 ❑ 3. 31 to 45
- ❑ 4. 46 to 60 ❑ 5. 61 or over

C. *Your sex?* ❑ 1. Female ❑ 2. Male

D. *Have you been abroad during the last two years?* ❑ 1. Yes ❑ 2. No

E. *Do you know, or are you learning, a foreign language?* ❑ 1. Yes ❑ 2. No

F. *What is the highest level of formal education you have completed?*
- ❑ 1. Some high school ❑ 2. High school degree
- ❑ 3. Some college ❑ 4. College graduate
- ❑ 5. Advanced degree

G. *How often are you asked for your opinion on foreign policy matters?* ❑ 1. Often ❑ 2. Sometimes ❑ 3. Hardly ever

H. *On average, how much time do you spend using the GREAT DECISIONS book?* _____

I. *One final question. Would you say you have or have not changed your opinion in a fairly significant way as a result of taking part in the GREAT DECISIONS program?* ❑ 1. Have ❑ 2. Have not ❑ 3. Uncertain

Your zip code: _____ _____ _____ _____ _____

ISSUE B. *Does the U.S. government explain the issues of foreign policy clearly enough to the American public? (Choose one.)*
- ____ 1. Always
- ____ 2. Most of the time
- ____ 3. Rarely
- ____ 4. Never

ISSUE C. *Do you agree or disagree with U.S. policy restricting media coverage of military action? (Choose one.)*
- ____ 1. Agree strongly
- ____ 2. Agree somewhat
- ____ 3. Disagree somewhat
- ____ 4. Disagree strongly

ISSUE D. *How much should the foreign policy decisions of the U.S. government be bound by public opinion? (Choose one.)*
- ____ 1. Greatly
- ____ 2. Somewhat
- ____ 3. Not at all

ISSUE B. *Terrorism and international organized crime are (choose one):*
- ____ 1. Among the most serious security issues confronting the U.S. today.
- ____ 2. Pernicious problems but not significantly worse today than in the past.
- ____ 3. Exaggerated threats.

ISSUE C. *In marshaling its diplomatic, intelligence and legal forces against the threat of terrorism, the U.S. is (choose one):*
- ____ 1. Not doing enough to safeguard life and property.
- ____ 2. Responding appropriately.
- ____ 3. Overreacting.

ISSUE B. *On the question of NATO expansion, the U.S. should (choose one):*
- ____ 1. Keep NATO membership as it is.
- ____ 2. Keep NATO membership as it is, but encourage creation of a separate security organization composed of East and Central European states and Russia.
- ____ 3. Expand NATO to include Eastern and Central Europe.
- ____ 4. Expand NATO to include Russia as well as Eastern and Central Europe.
- ____ 5. Withdraw from NATO.

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OPINION BALLOTS

Please feel free to xerox opinion ballots, *but be sure to submit only one ballot per person.*
To have your vote counted, mail ballots by June 30, 1997. Send ballots to:
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TOPIC 5 Europe

ISSUE A. *Overall, is European integration helping or hurting U.S. interests?*

___ Helping
___ Hurting

ISSUE B. *In particular, will the adoption of a single currency by the European Union be helpful or harmful for U.S. interests?*

___ Helpful
___ Harmful

ISSUE C. *Should the U.S. encourage or discourage greater cooperation in the European Union on matters of defense and foreign policy?*

___ Encourage
___ Discourage

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

TOPIC 6 Environment

ISSUE A. *With regard to the environmental policies of developing countries, the U.S. should:*

	AGREE	AGREE WITH RESERVATIONS	DISAGREE WITH RESERVATIONS	DISAGREE
a. Continue present policies and aid levels.	❑	❑	❑	❑
b. Increase aid targeted for the environment.	❑	❑	❑	❑
c. Redirect aid from the environment to development.	❑	❑	❑	❑
d. Condition development aid on sound environmental policies.	❑	❑	❑	❑
e. Accept developing countries' priorities.	❑	❑	❑	❑

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

TOPIC 7 Middle East

ISSUE A. *With regard to U.S. policy toward the Persian Gulf, do you agree or disagree with the following statements?*

	AGREE	DISAGREE
1. The U.S. should pursue efforts to remove Saddam Hussein from power in Iraq.	❑	❑
2. The U.S. should abandon its policy of isolating Iran economically.	❑	❑
3. The U.S. should withdraw its military presence in the region.	❑	❑

ISSUE B. *With regard to the peace process between Arabs and Israelis, the U.S. should (choose one):*

___ 1. Play a more active role.
___ 2. Continue to participate actively as mediator.
___ 3. Leave the principals to work out their differences through direct negotiations.

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

TOPIC 8 Globalization

ISSUE A. *In response to the globalization of trade and the economy, the U.S. should:*

	AGREE	AGREE SOMEWHAT	DISAGREE
1. Continue efforts to expand U.S. exports.	❑	❑	❑
2. Curb imports by raising tariffs and quotas.	❑	❑	❑
3. Encourage the growth of multilateral trade through the WTO.	❑	❑	❑
4. Withdraw from Nafta.	❑	❑	❑
5. Encourage foreign investment in the U.S.	❑	❑	❑
6. Lower taxes on U.S. business.	❑	❑	❑
7. Increase funding for post-high-school education and worker retraining.	❑	❑	❑

Your zip code: ____ ____ ____ ____ ____

Date: / /1997 *Ballot continues on reverse side...*

OPINION BALLOTS

ISSUE B. *What actions should the U.S. government take to counter global warming?*

	YES	NO
1. Mandate cleaner fuel in automobiles.	❑	❑
2. Increase the gas tax to encourage conservation.	❑	❑
3. Support nuclear power.	❑	❑
4. Support international mandatory limits on greenhouse-gas emissions.	❑	❑
5. Wait until there is more-conclusive proof of global warming.	❑	❑

7. Other, or comment .....

.....

.....

ISSUE C. *With regard to foreign aid for family planning, the U.S. should (choose one):*

____ a. Increase aid to expand and improve family-planning services.

____ b. Maintain the present level of aid.

____ c. Discontinue aid for family planning.

ISSUE D. *Should the U.S. seek to forge a transatlantic agreement, along Nafta lines, with the European Union?*

____ Yes

____ No

ISSUE E. *Should the European Union work more on expanding its membership or on intensifying existing cooperation:*

____ Expand ("widen")

____ Intensify ("deepen")

ISSUE B. *In response to the globalization of trade and the economy, the U.S. should:*

	AGREE	AGREE SOMEWHAT	DISAGREE
1. Ban imports of goods made by children.	❑	❑	❑
2. Seek international enforcement of a minimun age for employment of children.	❑	❑	❑
3. Do nothing.	❑	❑	❑

4. Other, or comment .....

.....

ISSUE C. *With which of the following statements do you agree or disagree?*

____ 1. Globalization is good for U.S. workers.

____ 2. Globalization is good for U.S. business.

____ 3. Globalization is good for U.S. consumers.

ISSUE D. *Are American workers better off today than they were a generation ago?* YES ❑ NO ❑

ISSUE C. *Should U.S. foreign aid to countries in the Middle East be reduced, increased, or stay the same?*

	REDUCED	INCREASED	STAY THE SAME
1. Aid to Israel	❑	❑	❑
2. Aid to Egypt	❑	❑	❑
3. Aid to Jordan	❑	❑	❑
4. Aid to the Palestinian Authority	❑	❑	❑

ISSUE D. *With regard to democratization in the Middle East, the U.S. should (choose one):*

____ 1. Promote democratic reforms, even if they could lead to the overthrow of pro-U.S. governments.

____ 2. Give priority to securing its economic and security interests, even if this means supporting authoritarian governments.

____ 3. Other, or comment .....

.....

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AFRICA

'96—Africa: Should the U.S. Care?
'94—South Africa: Forging a Democratic Union
'94—Islam and Politics: Egypt, Algeria and Tunisia
'92—Africa South of the Sahara: Fresh Winds of Democracy?
'89—Horn of Africa: Empty Cornucopia?
'87—South Africa: Apartheid Under Siege

ASIA

'96—Economic Cooperation in the Asia-Pacific: Openings for the U.S.?
'95—China, Taiwan, Hong Kong: U.S. Challenges
'93—China: New Reforms, Old Politics?
'93—India & Pakistan: Collision or Compromise?
'91—Japanese-U.S. Trade: Harmony or Discord?
'90—Vietnam, Cambodia and the U.S.: Return Engagement?
'89—China: Redefining the Revolution
'88—South Korea: The Future of Democracy
'87—Pacific Basin: Alliances, Trade & Bases
'87—Pakistan & Afghanistan: Storm Over Southwest Asia
'85—The Philippines: What Future for Democracy?

LATIN AMERICA

'96—Mexico: Embattled Neighbor
'94—Argentina, Brazil, Chile: Democracy & Market Economics
'92—Latin America's New Course: Bridge to Closer U.S. Ties?
'91—Cuba: What Future for Castro and Communism?
'90—Nicaragua and El Salvador: War or Peace in Central America?
'89—Latin American Debt: Living on Borrowed Time?
'88—Mexico & the U.S.: Ambivalent Allies
'86—Democracy in Latin America: Focus on Argentina & Brazil
'85—Revolutionary Cuba: Toward Accommodation or Conflict?

MIDDLE EAST

'95—Middle East: Lasting Steps to Peace?
'92—Middle East After Desert Storm: As the Dust Settles
'91—The Middle East: New Frictions, New Alignments
'90—Palestinian Question: Is There a Solution?
'89—The Persian Gulf: Reassessing the U.S. Role
'88—U.S. & the Middle East: Dangerous Drift?
'87—Egypt & the U.S.: Uneasy Relations
'86—Israel & the U.S.: Friendship & Discord
'85—Iran-Iraq War: What Role for the U.S. in Persian Gulf?

RUSSIA, FORMER U.S.S.R. AND EASTERN EUROPE

'95—Russia and Its Neighbors: U.S. Policy Choices
'94—Conflict in Former Yugoslavia: Quest for Solutions
'93—Russia & the Central Asian Republics: After Independence, New Directions?
'92—Breakup of the Soviet Union: U.S. Dilemmas
'91—Nationalism's Revival: Soviet Republics & Eastern Europe
'90—U.S.S.R. and Eastern Europe: End of an Era?
'88—The Soviet Union: Gorbachev's Reforms

WESTERN EUROPE

'93—Germany's Role: in Europe? in the Atlantic Alliance?
'91—The New Europe: What Role for the U.S.?
'88—Western Europe: Between the Superpowers
'86—European Community & the U.S.: Friction Among Friends

DEFENSE AND SECURITY

'96—What Future Role for NATO?
'96—Failing Nations: What U.S. Response?
'96—The Intelligence Community: Time for Reform?
'95—Nuclear Proliferation: Can It Be Capped?
'94—Defense: Redefining U.S. Needs and Priorities
'90—Third World Arms Bazaar: Disaster for Sale?
'89—Arms Agreements: Too Little Too Late, or Too Much Too Soon?
'87—Defense & the Federal Deficit: U.S. Needs, Soviet Challenges
'86—'Star Wars' & the Geneva Talks: What Future for Arms Control?

ECONOMIC ISSUES

'95—Global Finance: America's Role and Stakes
'94—Trade with the Pacific Rim: Pressure or Cooperation?
'93—Trade & the Global Economy: Projecting U.S. Interests
'90—The U.S., Europe & Japan: Global Economy in Transition?
'89—Farmers, Food & the Global Supermarket
'88—U.S. Trade & Global Markets: Risks & Opportunities
'87—Foreign Investment in the U.S.: Selling of America?
'86—Third World Development: Old Problems, New Strategies?
'85—Budget Deficit, Trade & the Dollar

ENVIRONMENT

'96—Water: A Dangerous Endangered Resource?
'94—Environmental Crisis in Former Soviet Bloc: Whose Problem? Who Pays?
'92—Planet Earth: Dying Species, Disappearing Habitats
'91—Women, Population & the Environment
'90—Global Warming & the Environment: Forecast Disaster?
'88—The Global Environment: Reassessing the Threat

U.S. FOREIGN POLICY

'96—Foreign Policy and the U.S. Political System
'95—Promoting Democracy: America's Mission?
'94—New World Disorder? U.S. in Search of a Role
'93—U.S. in a New World: What Goals? What Priorities?
'92—U.S. Agenda for the '90s: Domestic Needs, Global Priorities
'91—Rethinking Foreign Aid: What Kind? How Much?
'89—Ethics in International Relations: Power & Morality
'88—U.S. Foreign Policy: Projecting U.S. Influence
'87—Constitution & Foreign Policy: Role of Law in International Relations
'86—How Foreign Policy Is Made: The Case of Central America
'85—U.S. Intelligence: The Role of Undercover Operations

OTHER CRITICAL ISSUES

'95—United Nations at Fifty: Reaching Out or Overreaching?
'95—Immigration: An End to Open Doors?
'93—UN: What Role in the New World?
'93—Children at Risk: Abroad and at Home
'92—The Refugee Crisis: How Should the U.S. Respond?
'92—The AIDS Pandemic: Global Scourge, U.S. Challenge
'91—Media's Role in Shaping Foreign Policy
'89—International Drug Traffic: An Unwinnable War?
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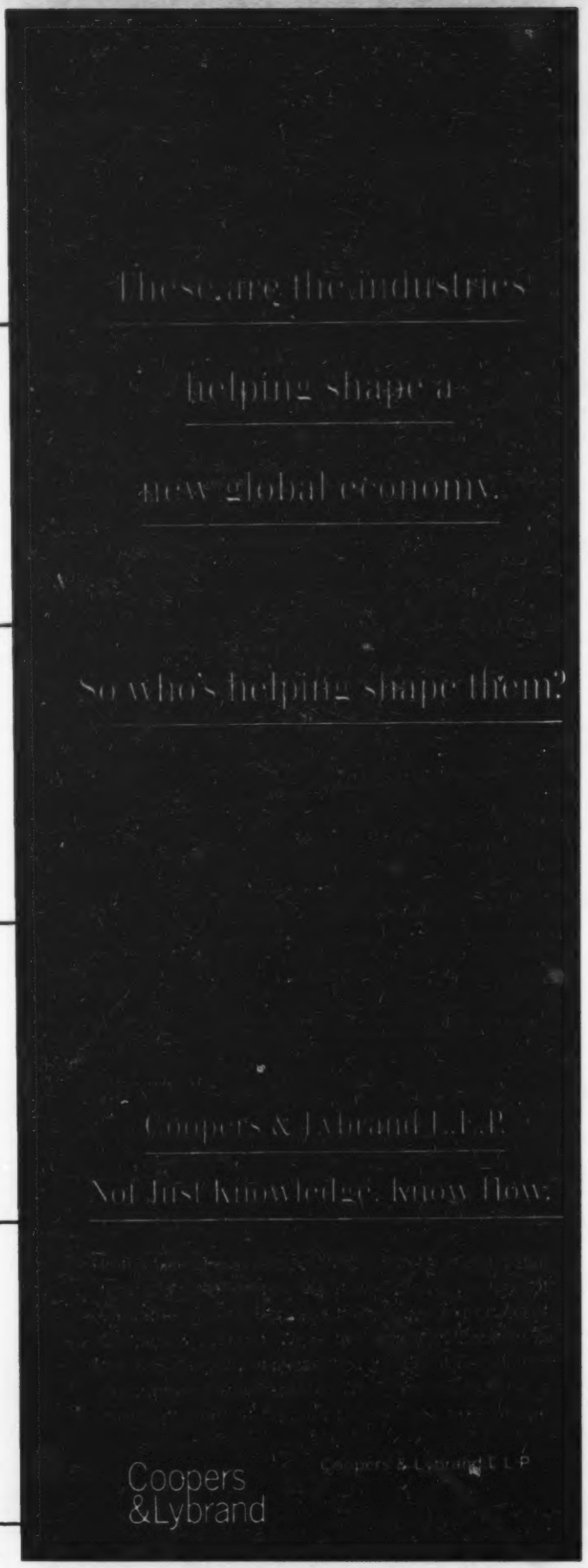

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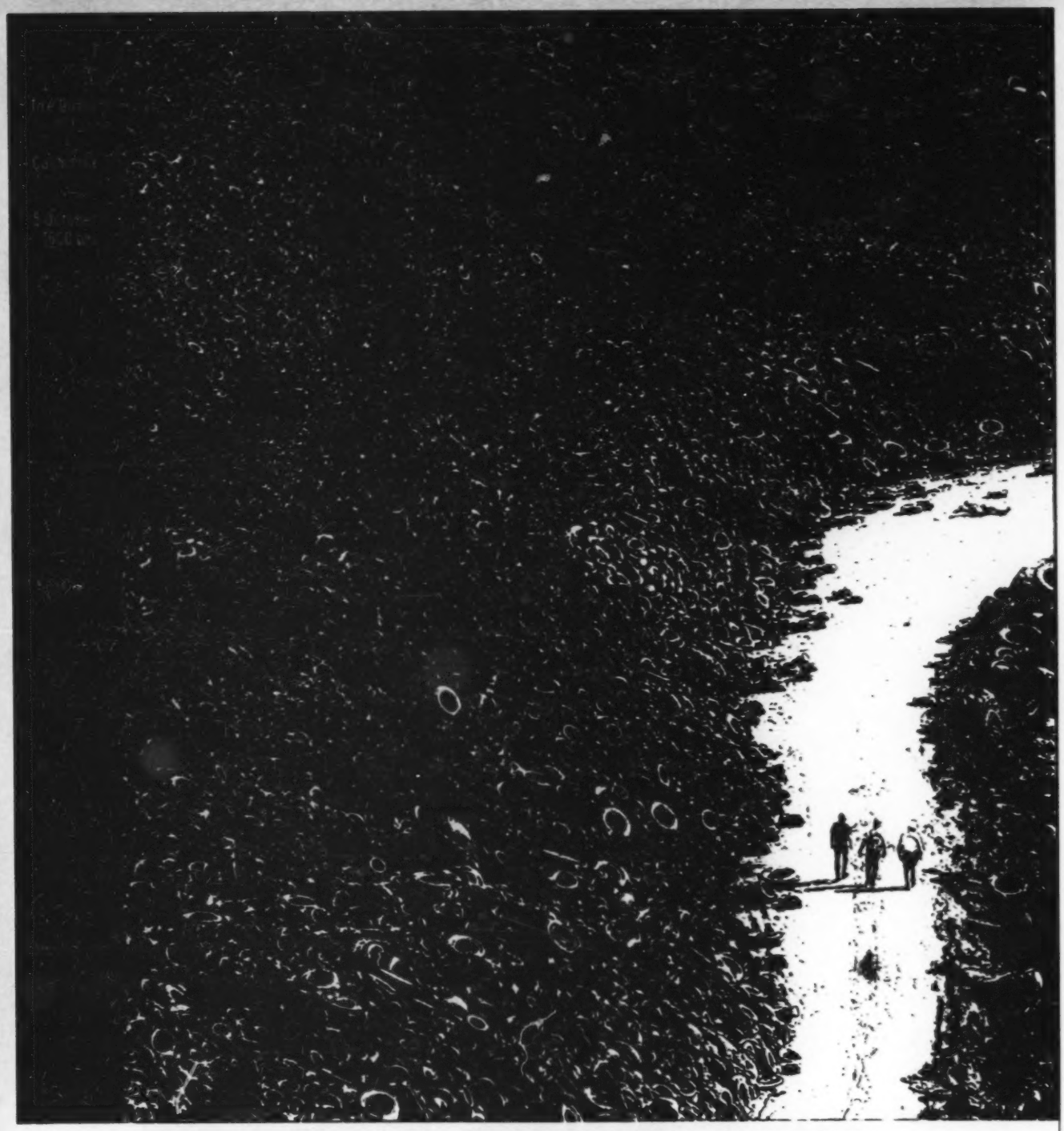

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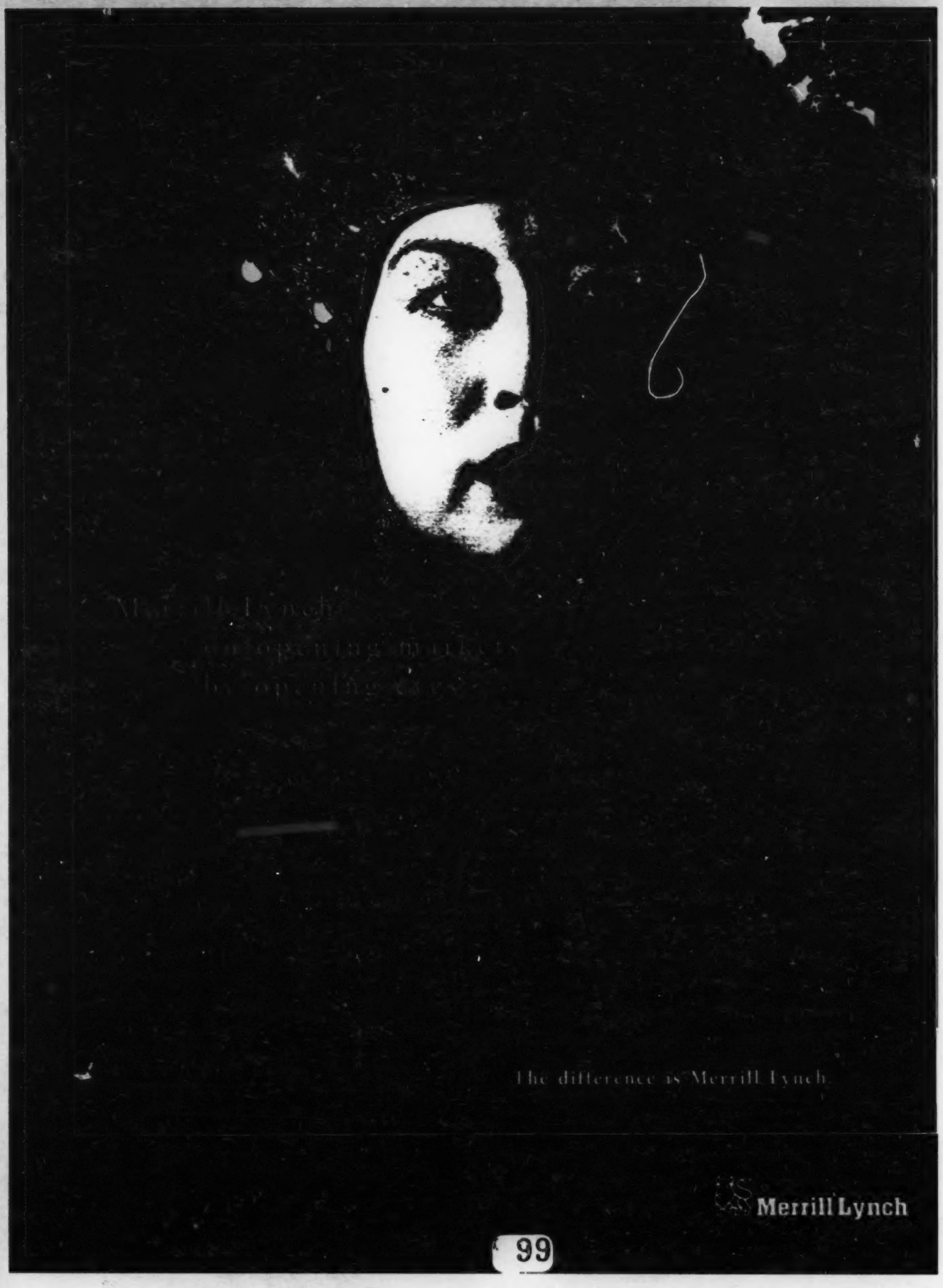

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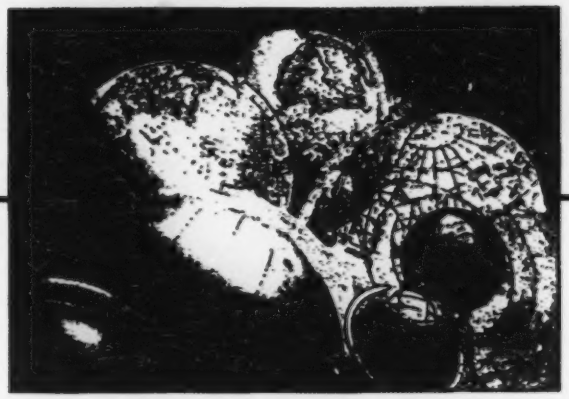

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ISBN 0-87124-173-0

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